

Ending

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Christopher Seeks Unity On Using Force in Haiti

But Opposition Mounts in Congress

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Amid mounting opposition in Congress to an invasion of Haiti, American officials began a new effort Sunday to justify using force and defended President Bill Clinton's right to act without prior congressional approval.

Secretary of State Warren M. Christopher also made a general call for American "unity" as a means of persuading General Raoul Cedras, the Haitian military leader, to step down voluntarily.

In broadcast interviews, the secretary was joined by Madeline K. Albright, chief delegate to the United Nations, in setting the stage for two events that now seem virtually certain to occur: a speech to the nation on Haiti by Mr. Clinton, and sharp debate in Congress on the merits of a U.S.-led invasion.

"There are big stakes in Haiti," Mr. Christopher declared, later adding: "This is a time when we need to have a sense of unity on behalf of the United States."

He said that democracy in the Western Hemisphere must be defended, that "unprecedented" human-rights violations were occurring in Haiti, that a new wave of Haitian refugees would destabilize the Caribbean and that the credibility of the United States and the United Nations were at stake after their demands that Haiti's military rulers step down.

American officials have already stated flatly that an invasion will occur if the Haitian military regime that deposed President Jean-Bertrand Aristide does not step aside. Some officials apparently believe the junta will pull up stakes only on the eve of an invasion.

The deadline for U.S. action remained vague, although informed speculation has focused on an invasion during the three-week period beginning the last week of

September. "We are down to a very short period of time," Mrs. Albright said.

Mr. Christopher reacted sharply to recent suggestions that an invasion might be timed to give the White House a boost in opinion polls before the November congressional elections.

"Those charges are just pure baloney," he said.

The White House is well aware that Congress, including many Democratic members, and the American public are generally dubious about an invasion.

Bob Dole of Kansas, leader of the opposition Republicans in the Senate, made it clear Sunday that he would press for Senate debate on Haiti and for a vote asking Mr. Clinton to seek the consent of Congress before ordering troops into action.

Mr. Dole called an invasion "a big mistake" because no American lives are threatened in Haiti. He agreed that the president has the power to act without congressional approval, but said Mr. Clinton should defer to Congress anyway.

Under the War Powers Act, Congress can eventually cut off funds for U.S. troops fighting overseas.

Mr. Christopher said it was his duty to defend the president's "constitutional prerogative" to order a military strike.

"He is commander in chief; he is responsible for the armed forces," Mr. Christopher stated, noting that Congress did not vote before the U.S. invasions of Grenada or Panama.

Mrs. Albright said a Haiti incursion, already authorized by the United Nations, would not constitute an act of war but rather a "police action."

American officials continued to engage in well-publicized invasion preparations, evidently hoping that General Cedras

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Cuba Police Patrol Beaches In Crackdown on Rafters

By Tod Robberson
Washington Post Service

COJIMAR, Cuba — Cuban policemen began cracking down Sunday on refugees working furiously to launch rafts ahead of a Tuesday government deadline, after which no departures by sea will be allowed.

An Interior Ministry police captain patrolling this popular beachfront on Sunday morning said he was under orders to persuade rafters not to leave. He added, however, that the police were not instructed to interfere with the departures of any rafts already waiting at the beach.

Cuba is responding to an accord signed Friday with the United States calling on President Fidel Castro to halt an exodus of rafters that has flooded U.S. detention centers with more than 20,000 refugees since August.

In exchange, Washington agreed to raise the limit on visas it grants to legal Cuban refugees from the current 2,700 a year to 20,000.

State-run television said that in compliance with the accord, the police would immediately begin confiscating any vehicles

used to transport rafts to the seashore and that drivers would be arrested.

Scores of police patrolled Havana's seafront Malecon Boulevard on Sunday while checkpoints were established on key highway leading to beaches.

At several of the most popular raft-launching points here in Cojimar, about 5 miles (8 kilometers) east of Havana, activity had significantly diminished Sunday in comparison with a packed beachfront on Saturday and Friday.

The police carrying sidearms and clubs stood at various points observing the activity. Curious onlookers, tourists and supply vendors stayed away, in contrast to the scene here a week ago when hundreds of observers crowded the beaches and cheered with each raft departure.

"The Gestapo passed through here early this morning," said Ramon, a Cojimar resident who sold an inner tube raft on Sunday for \$200.

They told everyone they would have better chances at the U.S. interests section to apply for immigrant visas, he said.

On Saturday, residents said, the Cuban government sent students, factory workers

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Separatists Ride Atop the Polls As Quebec Votes

By Clyde H. Farnsworth
New York Times Service

MONTREAL — Quebecers seem poised to elect a government on Monday that is committed to breaking away from Canada.

Almost all polls indicate that Jacques Parizeau, 64, leader of the separatist Parti Quebecois and a former provincial finance minister, will defeat Premier Daniel Johnson of the Liberal Party, 49, a former business executive and the most federalist premier in several generations.

Once elected, a Parti Quebecois government is committed to drafting a constitution for an independent Quebec, opening talks with Ottawa on the transfer of powers and the division of assets and passing a resolution in the Quebec Assembly affirming the will to separate. The new government would then call a referendum within 10 months to ask Quebecers to vote yes or no on independence, Mr. Parizeau said.

"We are going to settle this in 1995," Mr. Parizeau said recently. "We are going

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Japan Voters Rebuff Murayama Coalition

By T. R. Reid
Washington Post Service

TOKYO — Japan's shaky governing coalition suffered a serious loss in a special election Sunday that seemed to show voters were unhappy with the status quo and eager for further political change.

In voting to fill a vacant seat in the upper house of Japan's national Diet, or Parliament, the people of Aichi Prefecture handed an easy victory to Yusuru Tsuzuki, a political newcomer backed by a reform-minded coalition opposed to the government headed by Tomiichi Murayama.

Mr. Tsuzuki trounced Mr. Murayama's candidate, Jiro Mizuno, by 48 percent to 28 percent. Despite campaigning on his behalf by virtually every member of the

Murayama government, Mr. Mizuno barely managed to scratch out a second-place finish against an independent, Makiko Sueno.

The defeat, in the first national election since Mr. Murayama became prime minister two months ago, prompted political pros here to question the basic viability of the Murayama government. He heads an unusual marriage-of-convenience coalition in that Mr. Murayama's Social Democratic Party has aligned itself with two of the most conservative parties.

But the left-right alliance proved to be a serious political negative in the election.

At the local level, the Socialist workers did not want to cooperate with the conservatives, noted a political commentator,

Minoru Morita, on the TV Asahi network.

"That suggests that this coalition will never really be able to work together," he said. "And that means it cannot be a serious political force."

Mr. Murayama's government is probably not in immediate danger of falling. But the political weakness revealed by the election could undermine its already weak popularity.

That, in turn, could make it harder for the U.S. government to determine whom to deal with in trade negotiations.

For the anti-Murayama coalition parties, the timing was perfect. They plan to form a single large party this fall, and are trying to recruit the largest possible number of Diet members to their side.

East German Governors Are Soundly Re-elected

Former Communists Continue Their Climb; Free Democrats Slump

By Steven Kinzer
New York Times Service

POTSDAM, Germany — Both of East Germany's most popular governors were resoundingly re-elected Sunday, securing their position as the most successful and powerful politicians to have emerged from the former East Germany.

Both of the winners, Manfred Stolpe of Brandenburg and Kurt Biedenkopf of Saxony, won absolute majorities, which are rare in Germany. Projections suggested that Mr. Stolpe would finish with about 53 percent of the vote and Mr. Biedenkopf with nearly 58 percent.

In both states, the former Communist party continued its string of successes. Renamed the Party of Democratic Socialism, the former Communists took a projected 15 percent of the vote in Saxony and 19 percent in Brandenburg.

These results represented jumps of about one-third over the results of four years ago, and solidified the party's claim to be the third strongest political force in East Germany.

"We're moving ahead just as planned," Hans Modrow, East Germany's last Communist leader, said after the results became clear.

The party chairman, Lothar Bisky, said the results were "another sign that we will be successful in entering the federal Parliament next month."

In another result that could have national implications, the small Free Democratic Party fell short of the 5-percent level required for representation in both state legislatures.

"We were sure that we would win at least 5 percent," said Sigfried Lietzau, a leader of the Free Democrats in Brandenburg. "This is a terrible disappointment."

The Free Democrats have for years played a crucial role in making and breaking federal governments, and are vital partners in Chancellor Helmut Kohl's government. These results marked the fifth and sixth elections this year in which the party failed to jump the 5-percent hurdle.

If this trend continues and the Free Democrats fail to take five percent in next month's federal election, the political picture in Bonn would change dramatically. Mr. Kohl would probably have to assemble a radically different government or surrender power.

The Green Party, which despite a merger with the East-based Alliance '90 is still

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Metal Affair Comes Under Investigation In New York

By Alan Friedman
International Herald Tribune

PARIS — The New York district attorney's office has begun an investigation of the Metallgesellschaft AG affair, which last year brought the German company to the brink of bankruptcy, following an oil futures trading loss of 2.3 billion Deutsche marks at its U.S. subsidiary.

Robert Morgenstern, the district attorney, said in an interview that his staff was investigating "the U.S. aspects of the Metallgesellschaft affair." He also said he was seeking the cooperation of German judicial authorities.

Mr. Morgenstern, who gained international renown in 1991 when he headed the U.S. investigation of the failed Bank of Credit and Commerce International, said he could not discuss details of the Metallgesellschaft case.

But it has been learned from other U.S. officials that the New York district attorney's office is looking at the role of both past and present Metallgesellschaft executives, and of Deutsche Bank AG, the leading creditor and a major shareholder of the troubled metals and mining conglomerate.

Metallgesellschaft AG, a conglomerate of 250 metals, trading and engineering businesses, is one of Germany's biggest companies, with annual revenue of about 25 billion Deutsche marks (\$16 billion). The company, which is undergoing a reorganization entailing job cuts and asset sales, said Friday that losses and restructuring costs had eroded all its reserves and part of its capital. As a result, Metallgesellschaft is expected to go back to bank creditors and stockholders for more cash.

Some of the company's capital problems relate to a recently announced accord that will allow Metallgesellschaft's U.S. subsidiary, MG Corp., to get out of unprofitable oil contracts it had with Castle Energy Corp., an American concern that had provided contracts for future oil deliveries to MG Corp. These contracts were at the

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GOLAN FRICITION — Israelis praying during a hunger strike to protest any return of the heights to Syria. Page 5.

Kiosk

Turkish Guerrilla Seized in France

PARIS (Reuters) — Dursun Karatas, head of the extreme left Turkish guerrilla group Dev-Sol, has been arrested, the French Justice Ministry said Sunday. A spokesman said he was detained at the border with Italy on Saturday.

Dev-Sol's members have been charged in the deaths of American and other Western military personnel, business men and Turkish security officials.

Agassi Wins U.S. Open

NEW YORK — Andre Agassi defeated Michael Stich, 6-1, 7-6 (7-5), 6-5 on Sunday to become the third unseeded player in 114 years to win the U.S. Open tennis title.

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Immigration Agency Gone Awry: Rude and Inefficient

By Joel Brinkley
New York Times Service

WASHINGTON — The Immigration and Naturalization Service does not bother to collect as much as \$23 million a year in fees, easy money that could be gathered with just a letter here or a phone call there. That is because, officials say, the agency cannot afford to hire the clerks to write those letters and make those calls.

Yet, each month it finds a way to allow dozens of its inspectors to take round-trip, all-expenses-paid cruises to places like Nassau in the Bahamas and Cozumel, Mexico, often accompanied by friends or

family members whose expenses are also paid by the cruise lines.

The inspectors' job is to check the passengers' travel documents on the return trip.

It is a curious division of resources — no staff to collect millions but just enough to perform a courtesy service for the cruise industry. Yet, it is a classic example of the mismanagement that plagues the immigration service, perhaps the most troubled agency in the federal government.

A New York Times investigation has found that the agency, an arm of the Justice Department, is broadly dysfunctional. Hobbed by understaffing, underfinanc-

ing, conflicting mandates from Congress and widespread mismanagement, it is an agency in disarray. It lurches from one immigration emergency to the next, its employees demoralized, its mission unrealized.

On the most mundane level, the agency cannot find a way to open its mail and answer its phones. On a more serious one, it does not make a concerted effort to find and deport most aliens with criminal records.

Even its own officials, inured to failure, consider the agency ill-equipped to handle its ever-rising demands.

"Lots of people are burned out, fed up,

not willing to go on," said Walter D. Cadman, district director in Miami.

Among the findings that emerged from interviews with scores of agency employees nationwide were:

• No agency of the government is more vulnerable to corruption than the immigration service, where front-line workers, paid little more than the minimum wage, give out green cards and other coveted documents that are worth thousands of dollars on the black market. Year after year, dozens of employees are arrested for taking bribes or related crimes. Yet, even

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Men in Driver's Seat, but a Woman Has the Fast Track

By Erik Ipsen
International Herald Tribune

COWLEY, England — It was in the back row of a cavernous lecture hall at Cambridge University that the news first hit Hilary Briggs. Surveying 300 or so classmates on her first day of engineering classes, she noted just how few were women. "I had

Up and Coming

An occasional series about the leaders of tomorrow.

been studying math, physics and chemistry at a private all girls school," Miss Briggs said. "It had never occurred to me that not all girls did the same."

Undaunted by the oddity of it all, four years later she upped the ante. She signed on at the archetype of male-dominated industries, the auto industry, joining the Rover Group, the British car maker now owned by the Germany company BMW.

There she steered clear of the traditional posts filled by women in the car business — marketing and purchasing.

A series of jobs on the hot and hectic factory floor quickly led to management posts as head of the

night shift, head of the paint shop and, three years ago, head of logistics for Rover's large car group here in Cowley, outside Oxford.

That position, which coordinates the flow of products to the customers, is akin to trying to fit together a "dynamic Rubik's Cube, with hundreds of suppliers, thousands of components, lorries with flat tires, storms, pestilence, floods and rail strikes," said Paul Kirk, Cowley's managing director.

The job is "a terrific proving ground," he said, where tensions are high and where all eyes are constantly on the "track."

The production track is a huge mechanism that takes £554 million worth of components supplied from 470 contractors and turns them into 92,000 cars a year. Any glitch in its even flow means mountains of components piling up at its head and waves of idleness sweeping out through the organization.

"Probably one of the worst things anyone can do is stop the track," said Richard Houlston, the supply manager at Cowley who reports to Miss Briggs.

Responsibility for keeping the monster supplied with whatever it requires in the correct quantities, sequences, qualities and at the right

time falls to Miss Briggs, her seven lieutenants and 120 associates.

(Officially all 3,500 people at Cowley, from the managing director to the guard at the gate are "associates" — a classless legacy of Rover's four-year collaboration with Honda of Japan that extends to the fact that at work all associates don the same gray overalls.)

The former Rover Group chairman, Sir Graham Day, once described Miss Briggs as the company's most dynamic young manager. Even well upstream in the supply chain from her spartan office overlooking the sprawling Building A assembly line, the praise is generous.

"Even though the business is do with her group has the greatest potential for complexity, it is the part of my business I worry least about," said Bob Ward, general manager of Lucas Rista, a company that supplies Cowley with 27 varieties of wiring systems. "This is a hectic and volatile business, and Hilary is very calm, very calm."

It does not come naturally. Miss Briggs is almost literally a self-made woman. "I used to get angry and just..." Her voice trailed off as she slammed her fist into her open palm. That, however, was before *tai chi* — four years ago.



Hilary Briggs tames a monster.

At the time Miss Briggs had just ended her stewardship of the night shift with its grueling 8 P.M.-to-7 A.M. stint four days a week. Rather than relax and enjoy her idle evening hours, she began searching for an evening class. She found one in *tai chi*, an ancient Chinese system of calisthenics.

"It makes me more centered and

relaxed in myself," she said. "Now when I get tense, I think about what is making me that way and then switch into prevention mode." She has discovered the ability to find escape valves in even the most stressful situations.

Miss Briggs attributes such success to teamwork. Members of her team concur. "She gives you a warm feeling that we are going to accomplish things together as a team," said Mr. Houlston.

To give the process a further boost, Miss Briggs also passes to her staff pearls of wisdom she has gleaned from her relentless attempts at self-improvement undertaken outside Cowley's gates. From *tai chi* they are told of the importance of turning their opponents' energy into their own advantage. From orienteering, a sport the boss has practiced since school days and which helped her to win a Duke of Edinburgh Gold Medal Award at 17, they are told how to find order in the midst of chaos.

Miss Briggs has achieved her high point. She reports that she is now relaxed and confident enough to be able to do the once unthinkable — nothing, absolutely nothing. "If I have a lot to do and I don't feel like doing it, I will sit," said Miss Briggs, her voice tinged with satisfaction.

WORLD BRIEFS

U.K. Nears Accepting IRA Cease-Fire

LONDON (AFP) — Foreign Secretary Douglas Hurd of Britain said Sunday that London was moving toward accepting the IRA cease-fire as permanent, nearly two weeks after the republic's movement announced a "complete cessation" of violence in Northern Ireland.

"There's been progress in the right direction, even in the last few days," Mr. Hurd said. He told the BBC that London was still waiting for "words and deeds" from the Irish Republican Army before accepting that the cease-fire was durable. But he stressed that it did not necessarily have to say the word "permanent."

The IRA cease-fire took effect Sept. 1.

French Schools Ban Muslim Scarves

PARIS — The government has announced that it will ban the wearing of Muslim-style head scarves in public schools, asserting that the widening practice violates a tradition of secular education in France. The wearing of such scarves has become increasingly common among Muslim schoolgirls in France, particularly in areas with large concentrations of Arab or Turkish immigrants.

Education Minister Francois Bayrou said in a published interview that he was issuing instructions to principals of all public schools to start enforcing the ban immediately. The dispute over the scarves flared up first in 1989.

Asked if the scarf worn by some Muslim girls was the specific target of the ban, Mr. Bayrou said yes. He said the scarf had the effect of dividing Muslims and non-Muslims in schools.

New U.S. Concession to North Korea

WASHINGTON (WP) — The Clinton administration has decided that North Korea can store thousands of plutonium-laden nuclear fuel rods inside welded steel containers as an interim step toward handing the rods over to another country, U.S. officials said.

The plan is meant to help meet a North Korean demand that the spent fuel rods be preserved and retained on the country's territory, while also complicating any attempt by the government to reprocess the rods and separate the plutonium for potential use in nuclear arms.

The new plan is the latest in Washington's longstanding diplomatic effort to halt and eventually reverse what U.S. officials claim is an ambitious North Korean program to develop nuclear weapons.

Crimea Leader Dissolves Parliament

SIMFEROPOL, Ukraine (AFP) — President Yuri Meshkov of the autonomous republic of Crimea announced Sunday the dissolution of the local Parliament, which has been in conflict with him for several weeks.

Mr. Meshkov said in a radio broadcast that he had also dissolved local government bodies and that a referendum on a new Crimean constitution would be held before April 9, followed by parliamentary elections within three months. He said he had "taken on total authority" in the peninsula, which is a part of Ukraine but dominated by a Russian population.

The move comes five days after the Parliament passed amendments to a law reducing the role of the president from that of head of state to chief of government.

TRAVEL UPDATE

SAS Cancels 70 Flights in Walkout

COPENHAGEN (AP) — Scandinavian Airlines System canceled 70 European, Nordic and domestic flights out of Copenhagen on Sunday as plane technicians started a wildcat strike to protest new working hours.

The strike, causing delays of up to four hours, did not affect intercontinental destinations or other carriers' flights, SAS said. About 100 technicians took part in the action in Copenhagen, the airline's hub. It was not known whether the strike would continue.

Heavy rains and rough seas throughout the Caribbean were forecast for Monday as a westward-moving tropical storm system began breaking up. Heavy rain and gusty winds were also expected to spread over the Windward Passage, Jamaica, and the southeastern Bahamas.

Vietnam Airlines is planning to enlarge and modernize Tan Son Nhut International Airport in Ho Chi Minh City to handle 8 million passengers and 160,000 tons of cargo by 2000, an official report said.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Gibraltar.

TUESDAY: Nicaragua.

THURSDAY: Costa Rica, El Salvador, Guatemala, Honduras, Israel, Japan, Nicaragua.

FRIDAY: Malaysia, Mexico.

SATURDAY: Angola.

Sources: J.P. Morgan, Reuters.

Transportation Chief Defends USAir

Reuters

PITTSBURGH — Transportation Secretary Federico F. Peña on Sunday defended the safety record of USAir, one of whose planes crashed Thursday night, killing 132 people, and said he planned to take USAir flight on a business trip next week.

"Our review of all of our maintenance efforts and all our surveillance indicates USAir has been complying with our regulations," he said on the ABC News program "This Week" with David Brinkley.

But he said he was unsure if the financially troubled airline would survive its fifth fatal crash in as many years.

Carl Vogt, a National Safety Transportation Board investigator, who appeared on the same program, said investigators were examining many causes for the crash.

Investigations range from analysis of the voice data to interviews with psychiatrists, bird experts and witnesses. Canada geese had been seen migrating through the area.

Referring to reports that there may have been another plane in the area, Mr. Vogt said

there was no evidence that choppy air from another plane could have caused the crash.

The Boeing 737-300 slammed into the ground just short of Pittsburgh International Airport and burst into a fireball.

Mr. Vogt said earlier that reversal of thrust in the right engine was being investigated as a possible cause of the tragedy.

A reverser actuator from the aircraft's right engine was found in the extended position, he explained, which could indicate a loss of forward thrust in the right engine.

But Robert Machol, who retired as the Federal Aviation Administration's chief scientist this year, said on the NBC News program "Meet the Press" that he was sure the crash was not caused by a thrust reverser.

"I suspect," he said, "there was something wrong with the airplane, either in the manufacture or the maintenance of the airplane, some mechanical device that broke, some wire that shorted, some glitch in the software in the computer, something happened that made the plane uncontrollable."



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Czech Republic(CC)	00-42-000112	Hungary(CC)	009-800-01411	Netherlands Antilles(CC)	001-800-950-1022	Venezuela(CC)	0800-89-0011	Venezuela(CC)	800-1114-0

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China Vents New Anger At the U.S. On Taiwan

By Patrick E. Tyler

New York Times Service
BEIJING — China has registered another "strong protest" over the Clinton administration's decision to upgrade unofficial ties with Taiwan, warning that Taiwan was a potentially "explosive issue."

A senior Foreign Ministry official summoned Ambassador J. Stapleton Roy on Saturday and accused Washington of "taking steps" to create "two Chinas, or one China, one Taiwan," and said this would not only stall the development of relations but would also lead to their deterioration.

"We demand that the U.S. government approach the question of Taiwan with every seriousness and caution," the official, Deputy Foreign Minister Liu Huaiqiu, said according to the Xinhua press agency.

Mr. Liu accused Washington of "gross interference in China's internal affairs" and of infringing upon China's sovereignty, saying, "This represents a major retrogression of the United States policy on the question of Taiwan, which will entail grave consequences."

Western diplomats here have argued that China's warning does not portend a serious rift in relations. Indeed, for the last several weeks, senior Chinese leaders have been questioning U.S. officials about what might be required to persuade Mr. Clinton to consider a state visit to Beijing.

Beijing's Taiwan strategy appears to be one of stepping up pressure to counter the recent successes of Taipei in winning greater recognition for its economic power.

China immediately protested Wednesday when the administration announced a series of modest upgrades in the unofficial relationship that has existed between Washington and Taipei since formal ties were severed in 1979.

At the core of the dispute over Taiwan are U.S. military sales.

AMERICAN TOPICS

Many Emergency Rooms Have Untrained Doctors

Many U.S. emergency rooms are staffed by doctors who were never taught how to treat a heart attack, resuscitate a child or treat bleeding, and patients may be dying as a result.

"It would be fair to say that lives could be saved," said Dr. L. Thompson Bowles, "if all emergency departments were staffed by appropriately trained individuals." Dr. Bowles is president of the National Board of Medical Examiners and the chairman of a group of 38 health care authorities who studied the issue.

The report strongly condemns a practice in which interns supplement their modest incomes by working part time in emergency rooms.

"Many 'moonlighters' lack training and adequate experience in any aspect of primary health care," the report said.

Only about half the country's 25,000 jobs in emergency medicine are filled by doctors certified to provide emergency care.

Part of the problem, the report said, is that fewer than 20 percent of American medical schools require courses in emergency medicine.

"I think the public would be shocked if they knew how few physicians are competent to provide CPR," said Dr. Thomas Meikle, president of the Josiah Macy Jr. Foundation of New York, which commissioned the report. He was referring to cardiopulmonary resuscitation.

Short Takes

Teenagers would face a three-stage process to become full-fledged drivers under a proposal by the National Highway Traffic Safety Administration. The phased-in licenses

would require at least 18 months without any accidents or convictions before a youth could have full driving privileges. Based on rules driven, teens are involved in four times as many accidents as adults, the agency said, and "Traffic crashes are the No. 1 killer of teenagers."

Under the proposal, a youth would first get a learner's permit, which would allow driving only when accompanied by a licensed driver aged 21 or older. The intermediate stage would allow the youth to drive solo only during daylight hours.

In order to save scenic farmland from development, voters of Peninsula Township in Michigan's Grand Traverse County have narrowly approved, 1,208 to 1,081, a property tax increase that will raise at least \$2.6 million, perhaps considerably more, over the next 15 years. The tax increase, an extra \$81 a year on a \$130,000 dwelling, will be used to preserve thousands of acres of orchards and farm fields overlooking Grand Traverse Bay by paying growers not to sell to developers — indeed, not to use their land for anything but farming.

The program on Old Mission Peninsula will offer farmers cash payments, to be distributed to them over 15 years, for the development rights to their land — the difference between the land's value for agriculture and its value for housing.

It is high time that filmmakers "showed a little respect for the seasons," Anne Raver writes in the New York Times. In "the age of innocence," Daniel Day-Lewis embraces Wynona Ryder in a Florida garden. But none of the plants are semitropical. In "Jaws," the shark attacks on the Fourth of July. But ashore, the trees are wintry bare. In "Wolf," Jack Nicholson encounters a wolf on a snowy, icy March night in New England. The next day, still in New England, the grass is green and the trees are leafed out. Watch it, Miss Raver warns Hollywood, because "gardening is America's No. 1 hobby." And gardeners tend to be observant types.

International Herald Tribune

VOTE: Former Communists Gain in East Germany

Continued from Page 1

struggling to build a base in Eastern states, suffered a serious setback by failing to win seats in either state legislature. Far-right parties scored even more poorly.

Both of the day's biggest winners, Mr. Stolpe and Mr. Biedenkopf, suggested that they would use their strengthened power to insist that the Bonn government treat Eastern states more generously.

"The results are really overwhelming, but they are also a call to duty," Mr. Stolpe said in Postdam, the capital of Brandenburg. "People want their in-

terests represented, and that is what I am going to do."

Voters in both Brandenburg and Saxony evidently cast votes of confidence in two forceful individuals rather than expressing support for a party. Mr. Stolpe, 59, is a Social Democrat who was a Lutheran Church administrator during the days of Communist rule. Mr. Biedenkopf, 64, is a member of Mr. Kohl's Christian Democratic Union though he has a long history of rivalry with the chancellor.

"We are in the middle of building up a new region in Europe," Mr. Biedenkopf said in

Dresden, the Saxon capital. "People don't want to change architects."

Both Mr. Stolpe and Mr. Biedenkopf are high-profile governors who have sought to defuse pessimists by turning their collapsing states into a modern and prosperous region.

Only one more state election, in Bavaria on Sept. 25, is scheduled before the Oct. 16 federal election. In the federal election, Mr. Kohl holds a wide lead over his Social Democratic challenger, Rudolf Schäping, but even his own sides do not expect his party and its Bavarian affiliate to win an outright majority.

International Herald Tribune

AGENCY: Immigration Service Called Rude, Insensitive and Inefficient

Continued from Page 1

when corruption cases repeatedly expose glaring weaknesses in the system, the agency usually neglects to correct them.

• Deportation officers seldom deport anyone. Most deportations that do occur are carried out on an honor system. Deportees are asked to report on a certain day. In New York, for example, about 4 percent actually show up.

• More than 4 million aliens come to the agency each year with simple and perfectly legal requests for green cards, work authorizations or other permits, but, as one senior manager put it, "We make people suffer." At its offices across the country, immigrants stand in day-long lines leading to surly, untrained workers who often cannot answer their questions.

The investigation included interviews with more than 100 employees and visits to

agency offices in Chicago, Los Angeles, Miami, New York and San Francisco, among other cities.

The employees ranged from entry-level workers to senior officers at headquarters in Washington. Most were selected by their supervisors, presumably because the supervisors thought the employees would present the agency's best face. What the employees offered, however — with a candor that is rare in government — was a grim one.

"We have no mission, no tools, no leadership, so where are we?" complained Juan Bustos, a deportation officer in San Francisco.

Patrick E. Kane, acting director of the Phoenix office, said, "We're dabbling in everything, and we aren't really doing anything."

Robert E. Crebbs, a special agent in San Francisco, lamented, "There's overwhelming apathy from top to bottom."

"A lot of people have gone out of their way to make this a cold, rude, insensitive and inefficient agency," said A.D. Moyer, district director in Chicago. "The mentality of this organization leaves a lot to be desired."

Ruth Anne Myers worked for the agency for 33 years. Just four days after retiring as director of the Phoenix office, she reflected on the agency's latest budget crisis.

"It's a mess," she said, "and I don't know if we've ever been in a bigger mess."

All of this fosters a numbing fatalism. As a senior examinations officer in Miami put it, "No matter what we do, good or bad, it makes no difference."

International Herald Tribune

BRIDGE

By Alan Truscott

If a player lands in a doubled contract with five trumps in the combined hands, one would normally assume that he has had an accident; apparently, the bidding has gone off the rails. That was not true, however, on the diagrammed deal from the Cavendish Pairs.

North and South were Chris Compton and Jon Silver. When his partner opened one notrump, showing 15 to 17 points, South expected to reach a slam. His first move was two diamonds, a game-forcing Stayman action that has been out of fashion since transfer bids became prevalent.

He would probably have reached six clubs, a sensible contract that happened to fail. But West introduced a double of two diamonds, which should have shown length and strength in that suit. Silver now concluded that West held the diamond king, which happened to be wrong. And that slam chance had diminished, which was right. Bad breaks were now likely.

He could safely bid three notrump, but he is an imaginative

player. He chose to redouble, judging that he could make at least eight tricks. He was proved right for the strange contract of two diamonds redoubled was unbeatable. The defense slipped, letting him make an overtrick, and he and his partner gained 204 imps.

Thirteen of the 19 other pairs bid unsuccessfully to slam contracts, and those who reached six clubs could consider themselves unlucky.

NORTH (D)

♦ A 7
♦ K 5 3
♦ A Q 7

WEST

♦ 10 9 8 4

♦ Q 6 3

♦ J 10 7 5 4 2

♦ 8 6

♦ 2

EAST

♦ 10 9 8 5 3

♦ K 10 9 2

♦ A Q 7

SOUTH

♦ K 5 2

♦ A 6

♦ A Q

♦ K 9 8 4

Pass

Pass

Pass

Pass

West led the diamond jack.

Neither side was vulnerable. The bidding:

North: East: South: West:

1 N.T. Pass: 2 ♦: Dbl. Pass: Pass: Pass: Pass: Pass

International Herald Tribune

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International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Keep Talking to the Cubans

The immigration agreement reached Friday between Washington and Havana is a good beginning. If humanely carried out it should bring immediate benefits including a cooling down of anti-immigrant politics in Florida, fewer drownings of Cuban rafters at sea and faster reunifications of divided Cuban-American families. But matters should not rest here.

The Clinton administration, having made its point by limiting this round of talks to immigration, should now find the courage to move on to expanded discussions on all the political and economic issues dividing the United States and its largest Caribbean neighbor.

Washington has agreed to admit at least 20,000 Cubans a year "under existing authority," in exchange for Havana's taking "effective measures to prevent unsafe departures of Cuban citizens."

What this means on the American side is that Cubans eligible for admission through family ties to U.S. citizens and residents will be moved ahead of the waiting lists applicable to eligible immigrants from elsewhere.

Such discrimination in favor of Cubans is acceptable only if it does not increase waiting times for others. The remaining Cuban slots will be filled by those with special skills, the politically persecuted and others but not by those now being held at Guantánamo.

On the Cuban side, the agreement means Havana will discourage unauthorized departures. How this is done is cru-

cial, since the freedom to leave one's own country is an internationally recognized human right. At a minimum, Cuba must not resume jailing those who try to leave.

Cuba has already said that it wants to expand discussions with the United States to other issues. Obviously, Havana wants relief from the U.S. economic embargo. But it has also given tantalizing hints, including discussions with opposition activists last week in Madrid, that it is willing to talk about a political transition toward multi-party politics as well.

The Clinton administration should seize the chance to explore these issues, even though that would infuriate the hard-line Miami emigres with whom the administration has rashly allied itself.

If President Bill Clinton can now break free of this sterile embrace, he will find bipartisan support among enlightened members of Congress. As well, he could find encouragement from a newly published report that during the Ford administration Henry Kissinger sought, unsuccessfully, to move toward full diplomatic normalization with Cuba.

The United States has a clear interest in less tense, more pragmatic relations with Cuba. It also has an interest in promoting a nonviolent transition to democracy and greater respect for human rights. Those interests argue for building on last week's agreement with increased dialogue and new incentives for greater openness by the Castro regime.

—THE NEW YORK TIMES.

Rare Words From Syria

So gradual is progress toward an Israeli-Syrian peace treaty that an inch looms like a mile. Last week the process seemed to move ahead by two, three, maybe even four inches, a monumental leap by past standards.

For the first time, Prime Minister Yitzhak Rabin has put forward a specific timetable for the initial phase of an Israeli withdrawal from the Golan Heights. He talks of a "slight pullback" to last three years, adding that Israel expects that full and normal relations would develop with Damascus during that period.

This has the tone of an opening bid. So does the response of Syria's foreign minister, Farouk Shara, who said he saw no need for so long a trial period given the smallness of the Golan Heights. Notably missing in his remarks to a Dutch television interviewer was the ritual castigation of Israel.

As important, at an earlier news conference in London, the foreign minister said Syria wanted a "warm peace," which he was quoted as saying meant full diplomatic ties, but only after a complete Israeli withdrawal from the strategic heights. It was a promising response; words like "warm" and "peace" and "Israel" rare-

ly jostle in a single Syrian sentence.

This is further evidence that President Hafez Assad is looking for a face-saving exit from his present isolation. Syria has lost its old Soviet patron, gets little benefit from its ties with Iran, and could not prevent either the Palestine Liberation Organization or Jordan from entering into separate deals with Israel.

Moreover, Mr. Assad needs no reminder that Prime Minister Rabin's Labor Party, his best hope for a deal, faces a 1996 election that it might very well lose to the don't-give-an-inch-anywhere Likud bloc.

There is thus an incentive on both sides to make the most of this opportunity. Many Israelis, especially the settlers on the Golan, oppose any pullback from the heights. But Mr. Rabin, the very Israeli Army chief who guided the 1967 assault that seized the Golan, is the most credible advocate among Israelis of a phased withdrawal in return for a warm peace.

Secretary of State Warren Christopher has shuttled tirelessly between Damascus and Jerusalem, and he is due in Syria soon. If the Clinton administration helps bring off an Israeli-Syrian accord, it will deserve full credit for determined nurturing.

—THE NEW YORK TIMES.

Democrats Defer Reform

This is the time in a legislative session when the U.S. Congress can kill a bill without having to vote against it. Delay and more delay usually does the trick. That will be the fate of legislation to reform the way political campaigns are financed if the Congress doesn't move to break a House-Senate stalemate this week.

This was supposed to be the Congress that responded to public anger and put its affairs in order, and there are indications that it will take some steps in that direction. There's a good chance Congress will sharply restrict the gifts senators and representatives can accept. It may pass legislation requiring Congress to live by the sorts of health, safety and labor laws it imposes on other employers.

These two steps would be good. But they do not deal with what is the most fundamental constraint on the behavior of members of Congress: the need to raise endless amounts of campaign money. For incumbents, the money comes in significant amounts from outside their states or districts, courtesy of individuals and groups with direct interests in legislation.

These givers are shrewd and not overwhelmingly concerned with local or partisan allegiances; they give mostly to incumbents of both parties, which makes it hard for challengers to mount credible campaigns. That, in turn, deprives many voters of a meaningful choice at the ballot box. No one trying to design a workable democratic system from scratch would even conceive of the strange financing arrangements that are the custom and law in Senate and House contests.

If a bill is to pass before Congress goes home for the elections, House Democrats need to agree to legislation that will be acceptable to a significant group of Senate Republicans. Senate Democrats on their own do not have enough votes to break a filibuster. Seven reform-minded Republicans in the Senate have shown

the courage to break with their party to get a reasonable bill passed in their house. These Republicans could well go along with a compromise bill if the House Democrats agreed to limit the amount political action committees can give to candidates and end the special political committees set up by House and Senate leaders to enhance their own standing.

These compromises have been available for months. It is hard to escape the suspicion that House Democrats have avoided making them because they hoped to dump a proposal on the Senate Republicans at the last minute and then blame them for balking. If the House and Senate Democrats can work out a fair proposal over the next week or so, that will allow at least some time for refinement and give the Senate Republicans a chance to respond.

If the Democrats wait much later, they will bear the burden for the defeat of campaign reform, no matter what nasty things they say about the Republicans.

—THE WASHINGTON POST.

Other Comment

After the U.S.-Cuba Agreement

Cuban officials have promised to take no repressive measures against would-be refugees — even those who return to Cuba. But after 35 years of bad relations and mistrust between Washington and Havana, it is understandable if many U.S. citizens, especially Cuban Americans, are dubious.

Steps that could be taken to relieve suffering in Cuba as the Castro regime implodes must be on the agenda in future U.S.-Cuba negotiations — and there indeed must be more talks to follow up on this successful start. The end clearly is near for Fidel Castro.

—Los Angeles Times.

A Day of Pragmatic Diplomacy

By Abba Eban

NEW YORK — Diplomacy, so often accused of traditionalism, is now being ventilated by fresh winds. This is the age of "odd couples." Leaders of nations are holding civilized discourse with adversaries whom they would have puritanically shunned a few years ago.

This tendency has produced a thaw in some of the most obtrusive international conflicts. Behind the microphones stood Frederik de Klerk and Nelson Mandela, speeding apartheid on its overdue demise. No sooner had we rubbed our eyes at this spectacle than Yitzhak Rabin and Yasser Arafat, Shimon Peres and the PLO negotiator Nabil Shehadeh took their places in a similar ritual, followed by King Hussein and Prime Minister Rabin opening horizons toward a new Middle East.

The Vatican, author of the medieval expulsions, the Inquisition and the humiliating ghetto system, sent its representatives to Jerusalem to mark its reconciliation with Israel, the state of the Jews. A long saga of avoidable suffering and intolerance came to an official end.

The United States has a clear interest in less tense, more pragmatic relations with Cuba. It also has an interest in promoting a nonviolent transition to democracy and greater respect for human rights. Those interests argue for building on last week's agreement with increased dialogue and new incentives for greater openness by the Castro regime.

—THE NEW YORK TIMES.

Now come the British and Irish prime ministers, outlawing the bomb and gun and virtually legitimizing the Irish Republican Army as a negotiating partner.

This, alas, is not yet the norm of international conduct; the contrary examples have taken a tragic toll. But the strange encounters I have evoked are more than individual episodes. Diplomatic discourse is liberating itself sensationally from entrenched routine.

The common feature is the acknowledgement of negotiation as an unconditional duty, not as an option. Public opinion has no patience with the rejection of encounter. There is also no tolerance of the idea that rulers have the right to appoint their own representatives and also those of their adversaries. The IRA, the Palestine Liberation Organization and the African National Congress have abrasive chapters in their resumes, so do their more empowered interlocutors.

International agencies, in particular, previously allowed the issues of origins and culpability to monopolize their agendas and to exhaust the disputants.

Today, the United Nations has joined and may even claim to have inspired the impulse and movement of the modern diplo-

"moderates" who do not. The current Israeli leaders deserve their plaudits, but if they had accepted dialogue with the PLO earlier, many lives would have been saved. The same is true of those who spurned negotiation with the ANC in South Africa and the IRA in Ireland during the wasted years.

A novel approach to agendas goes together with a change in the principles of discourse. Negotiators used to fill their rhetoric with arguments about the origins of conflicts and the culpability for their eruption. To the new diplomacy, the question "who provoked and who responded" is marginalized. The issue is how to quench the fires.

Pragmatic compromises usurp the pride of place once occupied by exchanges of self-righteousness. It liberates diplomats.

International agencies, in particular, previously allowed the issues of origins and culpability to monopolize their agendas and to exhaust the disputants.

Today, the United Nations has joined and may even claim to have inspired the impulse and movement of the modern diplo-

matic age. The UN General Assembly has even expressed contrition for its previous anti-Zionist heresy. Its adoption of a joint Israeli-PLO resolution legitimizing the Middle Eastern peace process would have been even more inconceivable a year ago than any of the more publicized encounters described above.

Diplomacy can only gain in public esteem by shaking off the intrinsically insoluble arguments about virtue and conscience and concentrating on more attainable goals.

Reciprocal self-interest should be its central theme.

Diplomacy should be judged by what it prevents, not only by what it initiates and creates. Much of it is a holding action designed to avoid explosion until the unifying forces of history take humanity into their embrace.

The writer is a former foreign minister of Israel and its former ambassador to the United States and the United Nations. He contributed this comment to The Washington Post.



Pragmatic, if not always direct

America's 'New' Policy on Taiwan Is Timid and Unimaginative

By Philip Bowring

WASHINGTON — President Lee Teng-hui of Taiwan can meet with the president of Indonesia, play golf with the Thai prime minister or attend the inauguration of Nelson Mandela. But as far as the United States is concerned, he cannot visit Ithaca, New York, for a reunion dinner at his alma mater, Cornell University.

If ever there was an illustration of how foreign policy, like so much else in the United States, can be enslaved by lawyers, it is the "new" U.S. policy on Taiwan that was announced Wednesday.

This was as bold as a small deal. It was the first such review in 15 years. It was sparked partly by congressional pressure linked to the refusal to allow Mr. Lee to stop over in Hawaii en route to Costa Rica earlier this year.

But what came forth was the embryo of a mouse. Now, Mr. Lee can transit the United States, but not so bold as to visit Cornell. U.S. officials of subcabinet level will be able to meet their Taiwan counterparts on an official basis but only to deal strictly with economic and technical matters.

Thus, someone less than the commerce secretary can visit Taiwan, but the undersecretary of state for political and economic affairs cannot — he is "political." Taiwan's representative office in Washington can change its name, but only to the Taipei (not Taiwan) Economic and Cultural Representative Office. The United States will support Taiwan's membership in organizations, such as GATT, which do not require statehood — but that was known anyway.

Just how marginal these changes are is illustrated by the fact that even in the dying days of the Bush administration the U.S. trade representative was allowed to visit Taiwan.

Yet they have drawn predictable fire from China and led many to conclude that the administration has caved in to Beijing.

The United States has been keen to strengthen economic

links with China ever since the decision to de-link human rights and favored trade status.

It is also emerging that China, despite its apparent unwillingness to pressure Pyongyang, played a crucial role in defusing — at least temporarily — the Korean nuclear crisis.

Military contacts have been increased, and Foreign Minister Qian Qichen is to visit the United States later this month. There are legitimate short-term reasons not to offend Beijing.

But behind this is an apparent immobility in U.S. thinking at a time when Taiwan's perception of

itself, and the attitudes of others, have been changing.

The United States is at pains to say that its fundamental policy on Taiwan has not changed. It has been repeating its acknowledgment of Beijing's position that there is only one China and Taiwan is a part of China. Washington has reasserted its opposition to Taiwan's overtures to rejoin the United Nations.

Taiwan's own position has radically changed from professing to be the sole legitimate government of one China. It now claims only to be the legitimate government of that part of China which it con-

without directly challenging the mainland's pretensions to be the only legitimate China.

If U.S. policy on China is to stop lurching between hectoring and groveling, it needs to bypass the lawyers as well as the ideologies and move with the times.

Taiwan policy should not be a card to be used for or against China; policy should recognize facts, not theory. The administration could have gone a lot further to recognize the current reality of one country, two states, without formally abandoning its one-China policy.

Asian responses reflected a sympathy with Taiwan's position

without directly challenging the mainland's pretensions to be the only legitimate China.

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Only China is testing nuclear weapons. It is clearly bent on producing a new generation of strategic arms. The submarine-launched DF-31 missile has a range of 5,000 miles (8,000 kilometers) and will be operational within two years. The land-based DF-41, capable of reaching the United States, should be operational by the end of the decade.

China is the only country that aims nuclear weapons at the United States. It is buying every modern weapons system the increasingly desperate Russian defense industry will sell.

Relatives of the top leadership roam the world as representatives of Chinese trading companies, offering rocket fuel to Saddam Hussein of Iraq, as well as to other dictators.

Congress is right to be wary. Although China faces no external security threat, it is the only declared nuclear power now seriously building up its military. A 20 percent increase is expected this year alone.

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CAPITAL MARKETS

Tailoring Securities For a Difficult Time

By Carl Gewirtz

International Herald Tribune

PARIS — With bond prices in all the major markets outside Japan falling and likely to remain under pressure, bankers admit that "conditions are not ideal" to launch new issues on the international capital market. But as there is nothing on the horizon to suggest the mood will improve soon, their advice to clients who need the money is that there's not much to gain by postponing their plans.

That also means issuers need to tailor terms to be appealing. Pricing is to be seen as very fair if not generous, and the maturity needs to be shorter rather than longer.

Professional money managers report that while they are not eager to buy new paper, they are under some pressure to start investing the cash balances they have built up.

"I'm sitting with as much cash as I'm allowed: 20 percent of my assets is in cash," lamented the manager of a large German bond fund. "I've got to invest, but the duration of my portfolio is low, an average of 4.3 years."

Managers in Switzerland and the Netherlands agree on the preference for short-dated paper and express a strong bias for European bonds — preferably guilders and Deutsche marks.

Bankers also report demand from Switzerland and the Benelux region, while not overwhelming, is picking up after the summer holiday and focused as usual on top-rated paper.

In these conditions, bankers estimate that the World Bank's global \$1.5 billion bond offering scheduled for launch this week would do best if the maturity was set at five years.

Last week's small, two-year dollar issues from the German mortgage bank Deka Finance, priced to yield 15 basis points over U.S. government paper, and the three-year issue from Swedish Export Credit at a pick-up of 17 basis points met a good response. But Crédit Local of France, which offered a spread of only 10 basis points on its four-year issue was deemed a tad stingy.

That was also a problem in the mark sector, where only Rabobank's 300 million DM (\$192 million) of five-year notes and Southwest LB's 300 million DM of four-year paper were deemed fairly priced and ended the week trading around the offering spreads.

Banco Santander's 2 billion French francs (\$374 million) of 10-year bonds was a long-dated exception, designed to appeal to domestic insurance companies with a yield of 8.43 percent when French government paper was yielding 8 percent.

The city of Yokohama also issued 10-year bonds, but bankers said they saw no demand outside Japan. Kobe and Tokyo are also planning to raise 10-year funds.

Managers are under some pressure to invest accumulated cash.

EU Warns Against Letup on Deficits

Reuters

LINDAU, Germany — European Union finance ministers agree that their countries have put recession behind them but have called for vigilance to avoid repeating the mistakes of previous recoveries.

At the end of a meeting here, the ministers warned EU members against any let-up in efforts to cut budget deficits and said it was vital that wages, squeezed during recession, should not rise too quickly.

"There was agreement that, in reducing deficits, we cannot simply rely on economic recovery but must further reduce the structural component," Germany's finance minister, Theo Waigel said at a news conference.

Ministers and central bankers agreed over the weekend that governments worldwide were still borrowing too much.

"Real long-term interest rates are very high for this early phase of recovery, underlining the continued need for action in consolidating public-sector budgets," Mr. Waigel said.

Financial markets would respond instantly to any suggestion that governments were relaxing in their commitment to fighting inflation and curbing public spending, he said.

"The slightest doubts about our orientation to policies of stability would immediately lead to higher risk premiums in interest rates and tensions on currency markets."

By Carl Gewirtz
International Herald Tribune

Amid Rate Fears, Markets Could Get 'Nasty'

PARIS — Stay away from bonds. Beware of equities. Avoid the dollar.

That's the strategy many analysts are proposing to investors unnerved by a period of economic growth and its impact on inflation and interest rates. "It's difficult to get constructive about the key markets until there is a resolution to the uncertainty about where interest rates are headed," says Neil MacKinnon, a London-based analyst at Citibank.

Fear of an imminent rate increase by the Federal Reserve Board sent prices of U.S. stocks and bonds falling sharply Friday, pulling down asset prices in European markets. More of the same is expected this week.

"It has the potential to be quite nasty," warns Christopher Potts at Banque Indosuez. "There's much fear in bond markets. After such a long decline in prices and so many participants hunting, there are few investors prepared to move back in. That leaves markets vulnerable to erratic price movements."

But the consensus view is for a period of extended gloom, especially in bond markets, without things getting ugly. John Lipsky at Salomon Brothers in New York says bond markets have probably already seen the worst. He estimates that long-term U.S. bond yields are likely to stop rising at about 8 percent, compared with Friday's close of 7.71 percent, and that yields in Europe are likely to move "somewhat higher."

Friday's sell-off was sparked by news that U.S. producer prices last month rose 0.6 percent — more than most traders had expected.

The prospect of higher interest rates — normally a boost to currency values — instead weakened the dollar. It fell 1.2 percent to 1.5374 Deutsche marks and 0.4 percent to 99.18 yen.

"The foreign exchange market is currently dominated by short-term traders who take their cue from the bond market," Mr. MacKinnon said. Rising interest rates means falling bond prices, which in turn discourage foreign inflows to U.S. asset markets, depressing the exchange rate when U.S. capital outflows remain high.

The critical issue for the U.S. market is whether the Fed needs to increase rates and if so by how much.

Adrian Cunningham, London-based analyst at Union Bank of Switzerland, argues that "the jury is still out on whether Friday's increase in wholesale prices intensifies the pressure on the Fed to increase interest rates." He sees the August consumer price index to be announced Tuesday, and industrial capacity utilization on Friday as determining the Fed's next move. Awaiting that news, U.S. markets and the dollar "will remain weak," he warns.

The view among the leading U.S. banks is that short-term rates, currently at 4.5 percent, are headed higher. Goldman Sachs has the rate peaking at 5.5 percent next year. Citibank puts the peak at 6.5 percent and J.P. Morgan at 7 percent. For Morgan's analysts, Wednesday's report on August retail sales will be the week's most important data in assessing whether a significant slowdown in growth is underway.

Sushil Wadhwania at Goldman Sachs in London sees the U.S. market as obsessed by a fear of inflation. "We are optimistic on the outlook," he says. "For inflation to rise meaningfully, you need to have an increase in unit labor costs and there the outlook is quite benign."

But if Goldman has it wrong and short rates do continue pushing up to

See MARKETS, Page 11

Beijing Plans Change In Its Pay Standards

The Associated Press

BEIJING — China announced plans Sunday to give state-run enterprises some leeway in setting workers' wages, while setting wage standards for all companies.

The change is a step toward placing an important tool in determining profitability in the hands of the often inefficient state enterprises.

It also could help combat inflation by slowing wage increases by private companies, including those with foreign ownership.

In the first seven months of 1994, salaries for urban workers at state enterprises rose 29.7 percent to 243.83 billion yuan (\$28 billion), while salaries at privately owned and foreign-invested companies jumped 113 percent to 16.58 billion yuan, the paper said.

Under a labor law that is to take effect Jan. 1, the government will set a minimum wage, a process to decide wage levels and special criteria for payment of overtime and other special wages. China daily said.

All companies will be expected to adhere to the standards, the report said, but companies will be allowed to provide bonuses and cost-of-living subsidies to shield their workers from inflation.

U.S. and Japan Stay at Odds In Hunt for Trade Agreement

Compiled by Our Staff From Dispatches

LOS ANGELES — The mood between negotiators from Japan and the United States is good, but there is no narrowing of the gap on numerical trade targets in their talks on government procurement, a Japanese Foreign Ministry official said Sunday.

He said he was not sure they could settle the trade talks on Japanese government purchasing of medical and telecommunications equipment when Foreign Minister Yohei Kono meets Mickey Kantor, the U.S. trade representative, this month.

"Our minister feels that the United States now seriously wants to settle the trade talks, and I think it is a positive sign," the official said.

But he added: "I do not have an impression that the difference has been narrowed."

"We would like to settle the talks in late September, but honestly, I do not know if we could, because we do not know how our counterpart reacts," he said.

U.S. and Japanese negotiators held productive and detailed talks in Los Angeles to break their trade deadlock, said Charlene Barshefsky, deputy U.S. trade representative.

"I would say that the meetings have been productive and the discussions have been very detailed and very thorough," Ms. Barshefsky said.

The trade negotiations between Tokyo and Washington are in a critical stage before the Sept. 30 deadline that the United States has set for possible sanctions. They are primarily negotiating on opening of three trade sectors — car, insurance and government procurement.

The talks have been stagnated for 14 months, largely be-

cause of the difference in views on numerical trade targets.

Although Mr. Kono left in Los Angeles, Mr. Kantor and Mr. Hashimoto remained in Los Angeles, and there may be another chance for them to have another meeting, Japanese officials said.

Mr. Kono will probably meet Mr. Kantor again Sept. 22 or Sept. 23 in Washington, aiming at a partial agreement at least, Japanese government officials said.

(Reuters, AFP)

Disneyland Paris' Aims To Capture City's Magic

International Herald Tribune

PARIS — What's in a name? The Euro Disneyland theme park has decided that the word "Euro" doesn't necessarily pull in the crowds. So in advertisements, marketing promotions and even highway signs, the place is increasingly referred to as "Disneyland Paris."

But the official name of the company is Euro Disney SCA and will remain that way on all corporate communications, said a spokesman, Jacques-Henri Eraud.

"We would like to play much more than before on the connection between Disneyland and the city of Paris," Mr. Eraud said.

The change marks a tactical retreat for the company, which initially predicted that customers would flock to its theme park hotels and perhaps make side visits to Paris and elsewhere. According to some marketing specialists, that is why the company's advertising at first placed relatively little emphasis on the theme park's relationship to Paris, which is a 45-minute train ride to the west.

But the weak economy in Europe has kept visitors away from the resort hotels, and Euro Disney has resorted increasingly to advertising campaigns aimed at attracting residents and visitors from Paris and the Ile-de-France region around it. In winter, it offers price reductions to Paris residents.

Whether the name change has had any effect on the bottom line will not be known at least until November, when the company releases its annual results. In July, it said it had sharply cut operating costs to compensate for decreased attendance and halved its third-quarter loss to 194 million French francs (\$36 million) from 381 million francs the year before. The company does not issue daily attendance figures.

Will Adobe Find Way to San Jose?

Even in the so-called era of the virtual corporation, the prestige of a corporate headquarters comes down to location, location, location. For evidence, one need look no further than recent events centering on San Jose, the largest metropolis in Northern California's Silicon Valley.

Shrugging off site closures by big-name hardware vendors including International Business Machines Corp. and Apple Computer Inc., San Jose is hoping to energize its downtown by enticing software developers, including the industry's fourth-largest player, Adobe Systems Inc., to relocate inside the city. As bait, city officials are combining tax incentives with the promise of nearby amenities including a mass-transit hub (a surprising rarity in this congested region) and the popular San Jose Sharks hockey franchise.

The city's plans with Adobe, currently based in nearby Mountain View, are entangled, however, in a dispute over the height of the company's proposed headquarters building, which would overshadow a nearby city park.

San Jose isn't the only Silicon Valley community struggling to persuade high-tech companies to put down deeper roots. Santa Clara's local chip hero, Intel Corp., which in 1993 became the first Silicon Valley start-up to top \$1 billion in annual profit, is increasingly looking outward through expansion plans.

The company recently announced two \$1 billion fabrication facilities, one in New Mexico and one in Arizona, shunning the higher state taxes and wage base in the Silicon Valley.

This comes as researchers, including Dataquest Inc., based in San Jose, say California is losing its lead as the largest computer-chip producing state in the country.

By the end of 1993, Dataquest analysts say, Texas's chip-manufacturing capacity could outpace that of California, for reasons including the high cost of living and aggressive moves out of state by companies such as Motorola Inc. and Advanced Micro Devices Inc., which have based manufacturing activities around Austin, Texas.

And for those who'd like a bite to eat while on line, Pizza Hut has launched an Internet pizza-ordering service. Hungry Santa Clara cyber-citizens can send electronic mail to the Wichita, Kansas, company's main ordering system. The commands are then routed to the nearest Pizza Hut restaurant. After a test that lasts into November, the company will construct a commercial launch for the service.

Heather Clancy

Going Wireless in the Mall

The same elements that make Silicon Valley a pricey locale for high-tech companies are a magnet for those initiating market trials of the latest in new technology, including wireless computing.

The local cellular dealer Skyway Communications, for one, is counting on the region's

corps of techophiles to help launch a new retail concept for mobile computing. The company is transforming its dealerships into stores called Totally Wireless that carry a hybrid of traditional communications equipment, such as pagers, along with subnotebooks configured with wireless data modems.

Eventually, Totally Wireless hopes to see its franchising idea spread to more than a dozen sites by the end of 1995.

The flagship store has cropped up in a busy shopping region on San Jose's outskirts, strategically nested next to a Blockbuster Video and Starbucks coffee shop. Mike Merrill, founder and president of Totally Wireless, said the concept was born when he set up a successful temporary operation in a shopping mall.

The test was initiated when Mr. Merrill noticed that Skyway's revenue from wireless equipment was growing 400 percent quarter-to-quarter. Now, the operation hopes to connect with customers ranging from families to businesses needing custom solutions.

"It's a new enough market, a new enough industry where the rules aren't written yet," Mr. Merrill said.

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Heather Clancy

OMEGA

THE LINK BETWEEN THE PAST AND THE FUTURE



OMEGA
The sign of excellence

CURRENCY RATES

Cross Rates		Sept. 9	
Amsterdam	5.5725	5.5725	5.5725
Brussels	47.5725	47.5725	47.5725
Frankfurt	1.5894	1.5894	1.5894
London (10)	1.5527	1.5527	1.5527
Madrid	1.5572	1.5572	1.5572
New York (D)	112.		

New International Bond Issues

Compiled by Paul Flores

Issuer	Amount (millions)	Mat.	Coup. %	Price and week	Terms
Floating Rate Notes					
Coventry Building Society	£100	1997	1%	100	— Over 3-Month Libor. Reoffered at 99.81. Noncallable. Fees 0.315%. (Kleinwort Benson.)
Fixed-Coupons					
Cemex	\$300	2001	9%	100	— Noncallable. Fees 0.75%. Denominations \$10,000. (Bancares Trust Int'l.)
Credit Local de France	\$200	1998	6%	100.97	— Reoffered at 99.57. Noncallable. Fees 1.45%. (B.I.J. Int'l.)
DEFA Finance	\$150	1996	6%	100.98	100.80 Reoffered at 99.88. Noncallable. Fees 1.45%. (Daiwa Europe)
Swedish Export Credit	\$150	1997	6%	100.138	100.30 Noncallable. Fees not disclosed. (Swed Bank Corp.)
Yokohama	\$250	2004	7%	101.089	101.34 Noncallable. Fees 2%. (Bank of Tokyo Capital Markets.)
Baden-Wuerttemberg L-Finance	DM 500	1998	6%	101.445	— Reoffered at 99.795. Noncallable. Fees 1.85%. (Salomon Brothers Int'l.)
BMW Finance	DM 250	1999	7%	102.45	— Reoffered at 100%. Noncallable. Fees 2%. (Dresdner Bank)
Compagnie Générale des Eaux	DM 300	1999	7%	102.16	— Reoffered at 99.6%. Noncallable. Fees 2%. (Crédit Commercial de France.)
Robabank	DM 300	1999	6%	101.415	— Noncallable. Fees 2.5%. (DG Bank)
SouthwestLB Capital Markets	DM 300	1998	6%	101.491	— Reoffered at 99.9%. Noncallable. Fees 1.50%. (Morgan Stanley)
Pearson Sterling 2	£125	2004	9%	100.929	— Reoffered at 99.329. Noncallable. Fees 2%. (Northwest Capital Markets.)
Abbey National Treasury Services	FF 2,000	1998	7%	100.835	100.56 Reoffered at 99.46. Noncallable. Fees 1.45%. (Coisse des Dépôts & Consignations.)
Argentaria Global Finance	FF 1,500	1997	7%	99.73	99.40 Noncallable. Fees 0.225%. (Credit Lyonnais.)
Santander Int'l	FF 2,000	2004	8%	99.638	99.47 Noncallable. Fees 0.375%. (J.P. Morgan Securities.)
Abbey National Treasury Services	Fr. 250,000	1997	11%	101.055	— Noncallable. Fees 1.50%. (Swed Bank Corp.)
Société Nationale des m. 150,000	1999	11%	101.635	— Noncallable. Fees 1.50%. (J.P. Morgan Securities.)	
Chemini de Fer Français	Fr. 150,000	1999	11%	101.635	— Noncallable. Fees 1.50%. (J.P. Morgan Securities.)
Ford Credit (Canada)	CA\$150	1999	9%	100.35	100.35 Reoffered at 99.225. Noncallable. Fees 1.85%. (Wood Gundy.)
Ireland	CA\$200	1997	8%	101.118	101.80 Reoffered at 99.93. Noncallable. Fees 1.45%. (Daiwa Europe.)
National Bank of Australia	Aus\$100	1999	9%	101.35	101.40 Noncallable. Fees 2%. (Hambros Bank.)
DSL Bank	¥10,000	1999	4.36	100	— Noncallable. Fees 0.25%. Denominations 100 million yen. (Salomon Brothers Int'l.)
LB Rheinland-Pfalz	¥10,000	1999	4.21	100	— Noncallable. Fees not disclosed. Denominations 100 million yen. (Salomon Brothers Int'l.)
New South Wales Treasury Corp.	¥40,000	1997	3%	99.99	— Noncallable. Fees 0.30%. (Nomura Int'l.)
Telekom Malaysia Berhad	\$350	2004	3%	100	— Semiannual. Convertible of expected 10% to 12% premium. Fees 2.4%. Final terms to be set Sept. 22. (CS First Boston.)

SHORT COVER

Australia Ship Workers Ease Strike

SYDNEY (AFP) — Striking ship workers relaxed their stranglehold on Australia's ports Sunday as their nationwide action entered its fourth day, leaving an estimated 180 ships still stranded.

Ship owners said the Maritime Union of Australia had exempted some vessels from the action, providing them with hope that a meeting between strikers and Prime Minister Paul Keating could solve the dispute Monday.

Brazil to Sell More Stockpiled Coffee

RIO DE JANEIRO (Bloomberg) — In an effort to curb inflation, the government will release 196,000 stockpiled bags of coffee for sale, the country's economics minister has said.

World coffee prices have risen to eight-year highs following frosts in June and July, and the government has sold 2.204 million 60-kilogram bags of coffee kept in state warehouses as part of an effort to keep prices down in Brazil. Globo TV quoted Economy Minister Ciro Gomes on the new sale. Brazil is the second-largest coffee consuming country in the world after the United States.

China Claims 40% of Shoe Market

BEIJING (Bloomberg) — China, which produced about 4 billion pairs of shoes last year, now accounts for 40 percent of global production, the official China Daily reported.

It quoted an unidentified Chinese official as saying that these was an urgent need for the country's shoe manufacturers to improve quality in the face of rising competition from South Korea, Thailand, Indonesia and Brazil.

Schneider Said to Be in Iran

FRANKFURT (Bloomberg) — The real estate magnate Jürgen Schneider, whose disappearance last spring led to the collapse of one of Germany's biggest property empires, is hiding in Iran, the daily Bild reported.

Quoting the country's highest judge, Ayatollah Jasdi, the newspaper said Iran may be willing to extradite Mr. Schneider, who is sought in Germany for credit fraud.

McDonald's Expansion Due in China

BEIJING (Bloomberg) — McDonald's plans to open 10 more hamburger restaurants in Beijing next year and several more outlets elsewhere in China, a company official said in an interview with China Daily.

For the Record

American Express Co. will announce on Monday that it has agreed to acquire large chunks of the Thomas Cook Group Ltd., greatly expanding its share of the worldwide travel business, people close to American Express said. (NYT)

CASE: New York Is Investigating Metallgesellschaft

Continued from Page 1
heart of the Metallgesellschaft oil-related loss.

The agreed deal calls for Metallgesellschaft to transfer its 40 percent stake in Castle to the company itself, and to assume \$290 million of Castle's debt, according to Andreas Martin, a Metallgesellschaft spokesman in Frankfurt. Asked about the New York investigation, Mr. Martin said Friday: "I don't want to comment at the moment."

No charges have been filed, but one source close to the investigation said it was "seeking to ascertain whether fraud or other crimes were committed by any of those involved."

The Morgenthau investigation means the Metallgesellschaft case, which led to one of the largest losses in the controversial derivatives sector, is now the focus of prosecutorial interest on both sides of the Atlantic. The Frankfurt state prosecutor's office already has its own investigation under way.

The inquiry by Mr. Morgenthau

thau's office could subject the players involved in the Metallgesellschaft affair to even broader scrutiny and, if charges are brought, to penalties under U.S. law.

In addition, U.S. central banking officials are known to be reviewing the case to see whether regulations need to be tightened on foreign banks doing business in the United States.

It has emerged that officials from the Federal Reserve Bank of New York have approached Deutsche Bank for further information about the sequence of events that led to the discovery of the liquidity crisis at MG Corp. in early December.

John Rollis, president of Deutsche Bank North America, said in an interview that he was unaware of any contacts between U.S. central banking officials and his institution. He also said he had asked his legal department whether it had been contacted in connection with Mr. Morgenthau's investigation.

The inquiry by Mr. Morgenthau

Bond Markets Set for Week of Inflation Uncertainty

Compiled by Our Staff From Dupatches

NEW YORK — The inflation data shock is expected to continue for credit markets this week, with the August consumer price index report probably adding to the pressure spurred by the wholesale price figures. "All next week is kind of fraught with uncertainty, and

speculators and dealers continue to follow a bear market.

The market's response to the producer price number was pretty decisive, said Peter Kretzman, analyst for NationsBank Capital Markets in New York. But if the consumer price report for August, scheduled for release Tuesday, is higher than expected, "I think we have room to extend the losses," he said.

Paul Kasriel, economist at Northern Trust Co. in Chicago, said that unless the consumer price index was "really low, I don't see any reason for the market to rally from these levels."

Some investors said they had changed their expectations

about inflation after the producer price report.

"Three weeks ago, you could paint the picture either way," said Jerry Thunelius, bond manager funds at the Dreyfus Corp. Given the producer price figures, "you start to build the case that inflation is rearing its head," he said.

Some analysts have raised their forecast for the consumer price index to up 0.5 percent from up 0.4 percent.

August retail sales on Wednesday and industrial production and capacity utilization reports on Friday also should give clues on whether the economy is strengthening and encouraging inflationary pressures.

Other closely watched inflation indicators will be the Philadelphia Federal Reserve's monthly economic survey and the Federal Reserve Board's tan book for the central bank's economic perspective.

Even if the market is fairly stable most of the week, industrial production could be the straw that finally breaks it.

"Our economy's getting close to capacity, and you start to have these price pressures passed on," said Andy Barnett, a portfolio manager for Global Advisors in Newark, New Jersey.

But some say that by the time the capacity report comes out Friday, prices will have fallen as far as they are going to for the time being.

Many traders and investors said another U.S. rate increase would not come before the Nov. 15 meeting of the Federal Reserve's policy arm, the Federal Open Market Committee.

Whether the Fed decides to raise rates before November will depend on the economic reports of the next few weeks, said Sam Kahan, financial economist at Fuji Securities in Chicago.

"If we get continued indications that the economy is not slowing down, then they'll move earlier," Mr. Kahan said. "If we see signs that things are kind of waffling a little bit, then they may wait."

(Knight-Ridder, Bloomberg)

The Week Ahead: World Economic Calendar, Sept. 12-17

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

Sept. 12: Melbourne: Treasurer Philip Ruddock to speak to the Economic Development of Australia.

Sydney: Reserve Bank of Australia may money supply measure for July.

Sydney: Treasury Secretary Tim Eves to address Sydney Institute.

Tokyo: Deputy Prime Minister and Minister of Economy, Trade and Industry to make three-day visit to Japan.

Earnings expected: Telstra (Telecom), GIO Australia, C.P. Polkhard Corp., Far East Aluminum (Holdings), Hong Kong Fortune, ING Beijing Investment Co., Peninsula & Oriental Steam Navigation.

Sept. 13: Melbourne: Comptel Antennas to hold a stock exchange of mining group North Broken Hill P.Ltd. to lead management team discussion on company restructuring at Securities Institute.

Tokyo: Japan Development Bank to release survey of capital investment.

Tokyo: August producer price index.

Wellington: August food price index.

Singapore: Opening of three-day Tech4 '94, the Compaq International Technology Summit, at the World Trade Centre.

Includes technology exhibit and speeches by corporate officials from Intel Corp., Motorola Inc. and Microsoft Corp.

Sept. 14: Melbourne: Comptel Antennas to hold a stock exchange of mining group North Broken Hill P.Ltd. to lead management team discussion on company restructuring at Securities Institute.

Tokyo: July machinery orders.

Tokyo: Japan Development Bank to release survey of capital investment.

Tokyo: August producer price index.

Wellington: August food price index.

Singapore: August food price index.

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This Southeast Asian archipelago is set to make an economic leap. Its historical ties to Europe and the West give the Philippines a unique position in the Asia-Pacific region — one that offers advantages to investors both at home and abroad.

BIDDING TO BECOME THE NEXT 'TIGER'

Fresh winds are blowing in the Philippine economy.

Philippine President Fidel Ramos is taking his country on a five-nation European road show. His message: "We're back in business in the heart of Asia."

The Philippines is emerging from a decade of crisis. A former colony of Spain and the United States, it was knocked out of the Asian industrialization race in 1983 by debt and political turmoil.

Virtually flat growth last year reversed to 4.8 percent in the first quarter this year, and it is expected to go over 5 percent by the year's end.

After scores of debt rescheduling arrangements, the country has regained its credit standing. Political stability is apparent now, eight years after a military revolt and urban uprising toppled the dictatorship of Ferdinand Marcos. The power shortage has been dealt with.

Part of the Asian boom

Philippine leaders, armed with voluminous charts showing sustainable investment-led expansion trends, are now aggressively pushing for more business and trade. They have liberalized foreign investment regulations and removed currency controls in order to catch a fair share of capital flows now bound for the booming Asia-Pacific region.

"It's our turn," says Mr. Ramos, stressing the country's renewed bid to become Asia's next "tiger" economy.



The Philippines GATEWAY TO ASIA



Investors welcome

Through the past three decades of seeming economic and political drift, manufacturing was slowly replacing traditional agricultural production; a slow and painful industrialization process was inexorably under way, displacing populations and creating congested new urban centers.

Today, the catching-up process is urgent: the country's infrastructure needs are massive. The Philippines' medium-term development plan estimates an outlay of at least \$25.5 billion to bring down poverty levels currently estimated at between 48 percent and 30 percent. Unemployment this year has averaged 9.8 percent; underemployment is estimated at 20.9 percent.

With public deficits still high, government strategy has focused on opening up private works to private investors through a unique build-operate-transfer scheme. For high-priority infrastructure projects, investors are allowed access to

official development assistance. The idea, says Mr. Ramos, is to "turn our inadequacies into growth opportunities."

The government hopes to raise half of its priority infrastructure outlay from official development assistance and concessional loans. At a pledging session in Paris last July, a multilateral consultative body reaffirmed such a pipeline, amounting to \$8.5 billion.

At home, Mr. Ramos has just won a difficult legal battle to push through new taxes and revenue-raising schemes. His legislative agenda is aimed at boosting exports and investments.

Revamping the structure

Reforms designed to transform the long-protected economy into an open, export-oriented one have not always been popular in the legislature and the press.

"The most crucial structural reforms, however, have already gone through," reports the economic planning secretary, Cielito Habito. He

points to the big 15 percent jump in export receipts last year as proof that the dismantling of monopolies, lifting of foreign-exchange controls and liberalization of imports has already begun to bear fruit. Seventy percent of exports are now manufactured goods, mostly electronics and garments.

Imports of consumer durables and equipment surged 24 percent last year. Planners hope to see exports growing 25 percent to 28 percent by 1998 to ease the trade gap.

Service exports, particularly remittances from over 600,000 Filipino overseas workers, mostly domestics and construction workers, brought in over \$1.7 billion last year. Trade Secretary Rizalino Navarro says the remittances are "a unique safety valve for the economy at the moment," but adds that the manpower drain is not something the government would like to see continuing.

Mr. Ramos has retained good popularity ratings and

recently formed an alliance with the biggest opposition bloc in the Senate to push his reform agenda, which includes the ratification of the Uruguay Round of the General Agreement of Tariffs and Trade.

Votes of confidence

"The conditions for achieving sustainable growth are now firmly in place," said financial analysts Solomon Brothers in an assessment paper on emerging markets entitled "The Philippines: Ready to Compete."

"Go towards the light," advised analysts of Britain-based investment bank Barclay de Zoete Wedd in a first-quarter Pacific investment focus report, which forecast accelerating growth, increasing domestic consumption, narrowing trade deficits, decreasing currency risk and moderating inflation and interest rates in the Philippines.

"Poised for take-off," predicted investment bank CS First Boston.

Monica Feria

INVESTMENT GOES TO BIG PROJECTS

Infrastructure and utilities are investment targets.

Investments in the Philippines surged 19 percent during the first quarter of this year, compared with only 5.2 percent last year. Trade and Industry Secretary Rizalino Navarro, pleased with signs of renewed confidence in the Philippine economy, says that registered investments of between \$8 billion and \$9 billion in the first five months of the year already total two and a half times more than those for all of 1993 (\$3.5 billion).

Of this amount, foreign investments accounted for about \$1.5 billion, a threefold increase over the same period last year. Over \$1.1 billion of these inflows came through the country's resurgent stock market.

The bulk of direct investment flows, about 58 percent, went to infrastructure and utilities, primarily power plants. A big \$2 billion coal power project led by Hong Kong-based Hopewell Holdings Ltd. put this newly industrialized neighbor in the forefront of Philippine investors this year. Other big-ticket items include a polypropylene project with the Japanese Mitsui Company, a refined petroleum project with Thai Petrochemical Industries and a big naphtha cracking plant with J.G. Summit Holdings, a joint local and foreign consortium. In general, the biggest foreign investors are still the United States, with 24 percent, and Japan, with 22 percent. Singapore, South Korea and China hold 10 percent to 11 percent each of the foreign investment pie, with the European Union representing 14 percent.

Build-operate-transfer

Infrastructure and utilities will likely remain the lead investment sectors in the medium term. The government's build-operate-transfer (BOT) scheme has been pivotal in putting together 37 "fast-track" and base-load power projects worth between \$7 billion and \$8 billion, many of them joint ventures with foreign companies.

The World Bank has cited the Philippines' BOT scheme as possibly the most successful in the world. The scheme aimed at mobilizing private investments into traditionally public utility domains has already been expanded to include such variations as BOO (build-operate), BLT (build-lease-transfer), BTO (build-transfer-operate), ROM (rehabilitate-operate-maintain) and others.

Creating island networks

Executives now want to emphasize telecommunications and transport in order to boost links among less-developed islands and encourage industry dispersal to areas outside congested Manila. Domestic shipping has just been deregulated.

Out of 176 identified priority infrastructure projects, a shortlist of 17 projects is being pushed. Among them: expressways linking Manila with regional industrial centers, elevated metro rail lines, an airport cargo terminal, train line rehabilitation, water supply systems, a southern tourist resort and three industrial estate development projects in the southern island of Mindanao. M.F.



European companies like Philips are manufacturing in the Philippines.

in this newly emerging market.

In on the ground floor
Infrastructure development, especially, beckons investors. Manila has opened up the doors to the telecommunications business: it still needs more power plants;

and it wants to modernize its airports and harbors.

The message has clearly been heard by many. More than 100 European companies and joint ventures can be found among the top 1,000 firms in the country. Some of the larger investments have been made by

companies like Shell, Philips, Nestlé, ABB, and Siemens.

Rhône-Poulenc, BASF, Temic Telefunken, Unilever, Astra, Bayer, Roche, Hoechst and Ciba-Geigy. After this trip, Mr. Ramos will be hoping that more will join the list.

Agnes Chua

THE EUROPEAN CONNECTION

Europe is one of the Philippines' main targets for increased trade and investment.

President Fidel Ramos is currently on another of a series of trips to raise the Philippines' profile among potential investors, this time in Europe. To a large extent, he will be preaching to the converted.

According to the figures released by the Bangkok Central Bank, Europe was already the largest single source of direct investments in the Philippines in 1993, more than all other foreign investors combined. Direct investments amounted to \$188 million, a fivefold increase from 1992, exceeding both the \$75 million from Japan and the \$35 million from the United States.

Room for improvement
There is still a lot more room for growth, especially com-

pared with its Asian neighbors. Thailand, for example, attracted four times as much investment from European Union companies, while Indonesia got more than twice as much as the Philippines.

In the same way, statistics from the Department of Trade and Industry show the EU single market continuing as the second-largest export destination for the Philippines, taking 17 percent of Manila's exports, totaling \$1.97 billion, last year.

Philippine exports add up to only one-third of Thai exports to the EU.

Key advantages
Manila also has to contend with competition for European investments from countries like China and Vietnam, where tremendous growth potential is seen.

Nonetheless, many remain bullish on the Philippines. "The thrill will wane sooner or later, as European investors find it harder to communicate in non-English-speaking countries," predicts Executive Vice President Henry Schumacher of the European Chamber of Commerce of the Philippines.

Indeed, English-speaking skilled labor — despite costs slightly higher than elsewhere in the region — is one of the Philippines' key advantages. That, coupled with growing political stability, the absence of the long power outages that plagued Manila last year and a willingness to allow 100 percent foreign ownership in more and more sectors, has played a large part in encouraging even a Europe just recovering from recession to invest

A West Point-trained general and engineer, President Fidel Ramos has vowed to lead his country to modern, industrialized status by "leapfrogging to the 21st century."

What is your vision of the Philippines' role in the Asia-Pacific region?

We are seeing the Philippines as the gateway to the Asia-Pacific region. The Philippines is strategically positioned geographically — we are at the crossroads of the South China Sea and the Pacific Ocean. However, our strategic advantages are not limited to geography. We do have ancient commercial and cultural links with all of the countries in the Asia-Pacific community, even political associations which date back many, many years. We are quite proficient in the English language, the language of international business. We can also claim to have a talented and very highly skilled labor force, up to the highest managerial and executive positions. These are the advantages that we must exploit as we move into the 21st century. We are for pursuing a strategy where this mix of geographical centrality, abundance of human talent

and abundance also of natural resources is brought into full play.

Asian nations have successfully pursued similar export-oriented drives for industrialization. Do you have a model for your country's modernization?

We are not following any special model, but are setting standards for ourselves. With regard to attaining the status of a newly industrialized country, our goals are modest up to the end of my term in 1998. But we must attain these goals so that we can move to the year 2000 in a competitive mode. First, a per capita income of at least \$1,000. Next, the reduction of poverty from about 45 percent, where it is now, to maybe 25 percent. And third, an average growth rate in the economy of from 6 percent to 8 percent. But in some sectors, we can leapfrog into the so-called third stage of modernization. There's our agricultural sector — the society is

still very much into that. As for the second stage, the industrialized stage, quite a significant portion of our population, as well as our territory, is already into that. But we need not go entirely into the second stage before we go into the third stage, which is knowledge and information technology. The more advanced among us, such as those in Metro Manila, the Calabarzon [an industrial corridor south of Manila] and Cebu [the second-largest city] can get into high technology or the so-called third stage quite readily. In fact, we have already prepared a paper on this which will lead to an action plan very soon. We call that paper "Leapfrogging into the 21st century."

You are one of the leaders pushing for "one Southeast Asia." How close to reality is this initiative?

We have hosted a couple of important think-tank conferences to move

forward Southeast Asia 2000. That is, of course, only the slogan. It is not a schedule per se. There appears to be consensus with regard to what is called ASEAN-plus-four, meaning the six ASEAN countries [Malaysia, Indonesia, Thailand, Singapore, the Philippines and Brunei] plus Laos, Cambodia, Burma and Vietnam. But that will still take a lot of doing. Meanwhile, the Philippines is faithfully fulfilling its commitments under the ASEAN Free Trade Area plan. The Philippines and Indonesia have the biggest number of line items that will have to be removed gradually from tariff protection.

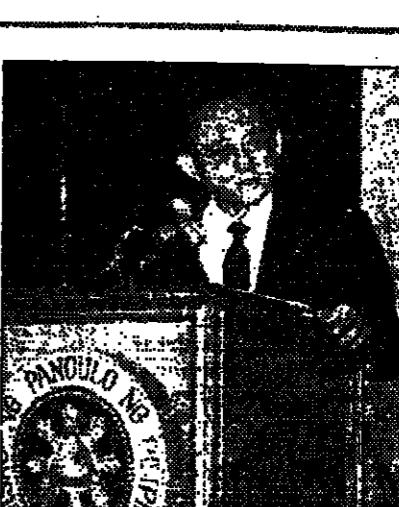
What do you expect to achieve on your European visit?

This visit to selected European countries is a response to the European Union's strategy to strengthen its presence in Asia. We would like Europe to see the Philippines more positively 100

years after we gained our independence from Spain — the centennial will be in 1998. We want to strengthen bilateral relations with the five countries we will initially visit. Of course, another destination is the Vatican. We have been exchanging letters with the Holy Father in regard to various issues, especially the population issue.

You often refer to the country's emergence from under America's wing. How do you view the prospects and problems of this process?

I made very clear in my inaugural speech [in 1992] that we shall develop a new kind of relationship with the United States, based on trade and economic cooperation and not aid. Since then, I have been reinforcing this initiative in regard to the conversion of the former U.S. military bases Subic and Clark into economic growth centers. We have invited the Americans to be-



come significant investors. Fortunately for us, the United States has continued to grant us trade preferences. And of course the Asia-Pacific Economic Conference was hosted last year by President Clinton. There is an opportunity for us to strengthen this relationship even more with his state visit here in about November.

Interview by M.F.

PRESIDENT RAMOS ON TRADE, FOREIGN RELATIONS AND THE FUTURE

A West Point-trained general and engineer, President Fidel Ramos has vowed to lead his country to modern, industrialized status by "leapfrogging to the 21st century."

What is your vision of the Philippines' role in the Asia-Pacific region?

We are seeing the Philippines as the gateway to the Asia-Pacific region. The Philippines is strategically positioned geographically — we are at the crossroads of the South China Sea and the Pacific Ocean. However, our strategic advantages are not limited to geography. We do have ancient commercial and cultural links with all of the countries in the Asia-Pacific community, even political associations which date back many, many years. We are quite proficient in the English language, the language of international business. We can also claim to have a talented and very highly skilled labor force, up to the highest managerial and executive positions. These are the advantages that we must exploit as we move into the 21st century. We are for pursuing a strategy where this mix of geographical centrality, abundance of human talent

and abundance also of natural resources is brought into full play.

Asian nations have successfully pursued similar export-oriented drives for industrialization. Do you have a model for your country's modernization?

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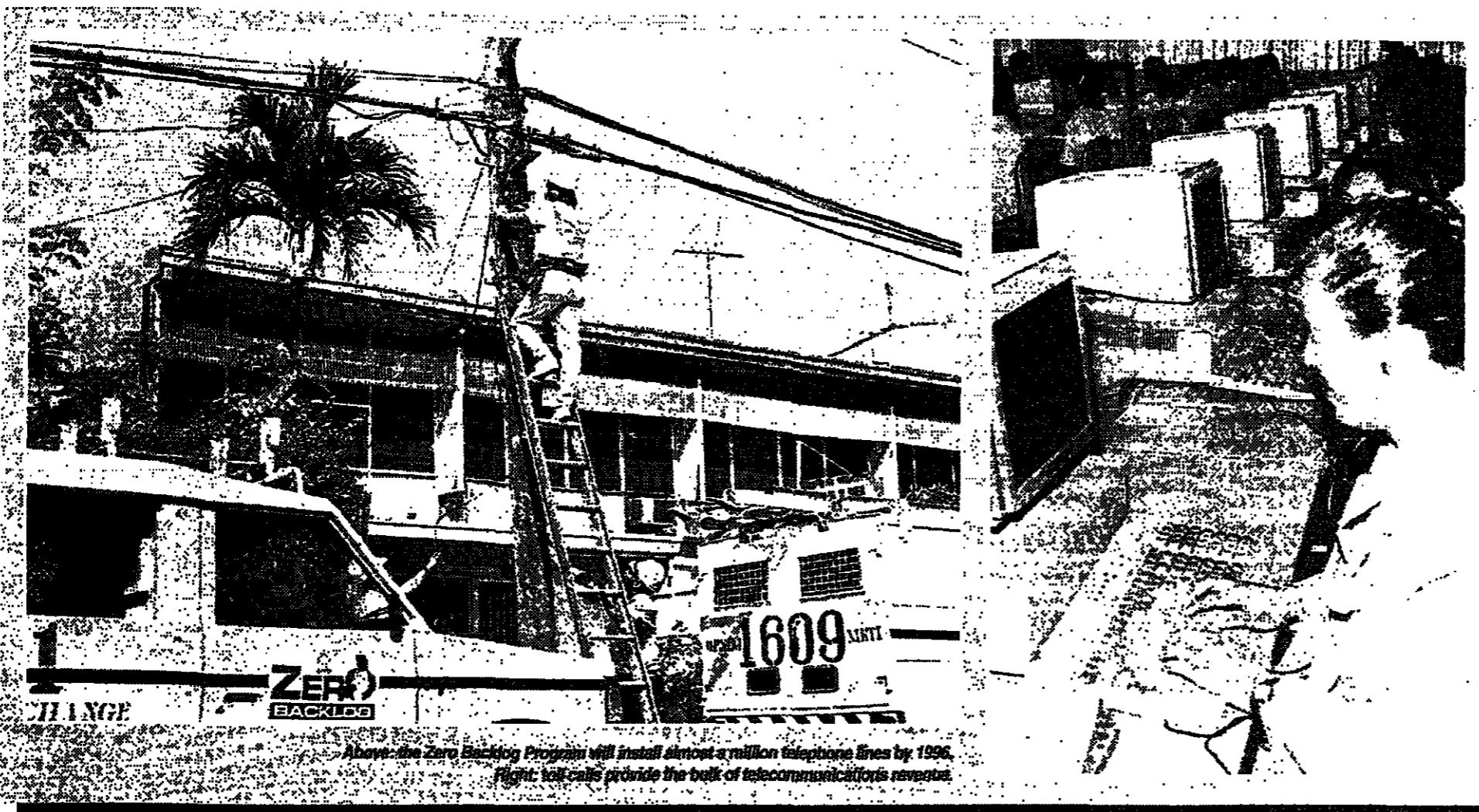
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John S. S.

THE PHILIPPINES: GATEWAY TO ASIA



Left: PLDT's 'Zero Backlog' program will install almost 3 million telephone lines by 1996. Right: Toll calls provide the bulk of telecommunications revenue.

TELECOMMUNICATIONS TAKES AN IMPORTANT LEAP FORWARD

Liberalization has caused an explosion of activity in the telecommunications field, with overseas companies entering brand-new markets.

Soon after taking office in 1992, President Fidel Ramos signed two executive orders that gave a boost to the telecommunications industry in the Philippines. One mandated interconnection between all telecommunications companies, the other forced cellular and international operators to install less-profitable fixed lines. Then he opened the door to a dozen new players.

Mr. Ramos recognized the crucial need to develop the country's infrastructure – and especially the telecommunications system – in order to attract more investment to the Philippines.

Spirited response

Up until then, the industry was dominated by one carrier: the Philippine Long Distance Telephone Company, or PLDT, which controlled 90 percent of the country's 1.4 million phone lines. The difficulty of keeping up with demand meant a long waiting list of 800,000 would-be subscribers.

The new competition shook up PLDT, but although many assumed that the local giant would be hard hit by its challengers, the company has since surprised skeptics with its spirited response.

PLDT installed 172,000 telephones last year. It estimates that by 1996, it will have put in 970,000 lines under its "Zero Backlog" program – equivalent to the total number installed in PLDT's first 65 years of operations. At a cost of 70 billion pesos (\$2.66 billion), the scheme will allow PLDT to replace its analog facilities with digital technology, thus introducing new features like direct-distance dialing, call waiting, call forwarding, conference calls and so on.

The cellular sector

Cellular operators have also started sparing for a share of

the market. Subscribers can now pick from a choice of promotions and discounts, and once-scarce lines are now available on the day of application. In keeping with world trends, one operator, Globe Telecom, has introduced phones based on the Global System for Mobile communications, or GSM, technology. These units can serve as pagers and answering machines and can be used internationally as well.

New operators of overseas calling facilities are also going out of their way to woo customers. For example, Globe, which also runs an international "gateway," issues passwords to customers to allow them to charge overseas calls made throughout the country to their own phones. It is this part of the Philippine market that industry officials say is especially attractive because of the high volume of international calls to and from the country. These calls have grown annually at double-digit rates over the past decade. The bulk of PLDT's revenues comes from toll calls.

Fourfold increase

If companies keep their promises, there will be enough new land and cellular lines to at least quadruple the telephone network by the turn of the century. In a unique cross-subsidy plan, Manila has carved up the country into 11 sectors. Each cellular and international operator is required to put up several hundred thousand lines in its area. (PLDT, being a national operator, is not part of this scheme.)

Another new player, Bell Telecommunications, is proposing a completely different plan: It wants to build a fully integrated telephone system with a satellite toll backbone and high capacity fiber-optic cable network that will provide nearly 2.6 million lines within a decade.

Some skeptics, however, think some of the smaller new operators will be in no hurry to install their land lines – the

most capital-intensive and least-profitable part of the business – once they get their cellular or international business going.

After all, as Antonio Samson, PLDT's first vice president, points out, "What can you do if they fail to install the land lines required?" At the moment, not much, analysts say.

The profit incentive

Still, there are moves to make the fixed-line part of the industry more profitable. PLDT hopes to move to metered calling instead of the current fixed monthly rental charge, for example. That should help make that end of the business pay for itself and should encourage other companies to move faster on installation.

No matter how it turns out, all this expansion will cost money – by one account, around \$28 billion over the next 15 years. Many telecommunications companies plan listings over the next few years to raise funds for expansion projects. Some analysts are wondering if all the new players will be able to stand the competition. Already, several of the larger companies, such as Globe, backed by the Ayala family, Digital (Gokongwei) and ICC Telecoms (Lopez), are discussing alliances.

Almost all have signed up with foreign partners. But interest remains high among outsiders looking at the potential for a huge, underdeveloped market. Companies providing support to the telecommunications operators will likely find a niche as well by supplying equipment like switches and hardware.

"The Philippines is not like developed markets, where the margins are small and you can barely survive," Mr. Samson points out. "It's a missionary country, fertile ground for investors."

A.C.

INDUSTRIAL ESTATES ATTRACT BUSINESS

Two former U.S. air bases are among the new zones.

Philips – the company synonymous with lighting, electronics products and semiconductors – has been in the Philippines for more than 70 years and is clearly happy with the results. It recently started work on a 1.2 billion peso (\$50 million) plant to modernize and expand its semiconductor division's production base.

"Our new facility signals an affirmation of confidence in the business prospects and the stability of the Philippines," says Robert Martijnse, president and chief executive officer of Philips Group of Companies (Philippines). When it is completed in mid-1995, 2,600 workers will move into the 9-hectare (22-acre) plot at the Light Industry and Science Park – an industrial estate in Cabuyao, two hours south of Manila.

Infrastructure laid on

Philips is not alone either in its desire to invest in the country or to locate in one of the more than three dozen industrial estates scattered strategically throughout the country. Investors are attracted to the estates because of their installed infrastructure, which offers at least partial relief from the shortages of utilities such as power, water and telecommunications elsewhere.

Import procedures in the estates are often simplified, with tax exemptions on raw materials processed for export. There is also exemption from pre-shipment inspection.

For Manila, the estates are a way of stimulating employment, encouraging balanced regional growth and anchoring its export drive – and hence its economic growth for the future. Government-run industrial estates include four export processing zones (EPZs), plus Clark and Subic – former military bases converted into free ports. Properties are often leased for periods of up to 50 years, renewable for another 25.

Investment magnets

So far, the government's plan seems to be working. Figures just released by the Export Processing Zone Au-

thority show that 3.8 billion pesos worth of investments have been poured into the EPZs in the first seven months of this year, a hefty 70 percent increase over the same period last year. More important, these estates provide jobs for 86,000 people.

Overall economic growth has been strong this year, too. The latest government statistics show gross national product increasing by 5.1 percent in the first half of 1994. Exports grew by 18.2 percent, while investments rose by 16.6 percent.

Serving the hinterland
The EPZs range in size from a small compound near the mountain town of Baguio to the sprawling 18,000-hectare facility at Subic Bay, once one of the U.S. Navy's biggest bases. Manila wants to use Subic as a hub and port, and nearby Clark as an international airport for the hinterland of central Luzon in much the same way that Hong Kong serves China.

Equally popular are the 30 privately owned industrial estates. Private estates often have a portion designated as a special EPZ, which gives companies there added privileges.

Less red tape, lower tariffs

Manila has also been moving more purposefully toward deregulation and eliminating red tape; many restrictions on foreign ex-

change movements have been scrapped, for example. Tariff reform is in the cards, as are plans to dismantle local monopolies, such as in interisland shipping.

Some of the industrial estates are making full use of that edge by linking up their resources. For example, four neighboring estates south of Manila have a common labor data bank, which lists available manpower in specific areas, with capabilities and skills noted.

After all, points out J.D. Timmer, president and chairman of the board of management of Philips Electronics N.V.: "Quality is delivered by people. Technology alone is not sufficient to gain the competitive edge."

A.C.

REFORMS FOR BANKS AND STOCK MARKET

Deregulation and reorganization in the finance sector are helping to attract capital inflow.

Manila's stock market kicked up the most spectacular performance in Asia last year, its index soaring over 150 percent. Volume turnover was estimated at \$2 billion.

This feverish market saw significant correction in the first quarter of this year, dropping 43.1 percent before beginning a more modest climb. Nonetheless, it has brought attention to radical financial reforms now under way in the Philippines.

In the past two years, sweeping reforms have lifted 40 years of foreign-exchange controls and deregulated the private banking sector. New laws that allow foreigners to own up to 60 percent equity in local banks and allowing entry for the first time to 10 foreign banks in retail capacities are considered generous by Southeast Asian standards.

Central bank reborn

At the same time, the country completely reorganized its central monetary authority. It abolished its old debt-strapped Central Bank, passed on its liabilities to the national government and created a new and more autonomous Bangko Sentral ng Pilipinas (BSP) with fresh capitalization and infusions of government securities. The former president of the Philippine National Bank, Gabriel Singson, is the BSP's first governor.

The move has been difficult for the national government's present debt and deficit profile and has caused much controversy. Planners have agreed, however, that unless the banking and financial sector is put in order and developed, the drive to attract massive capital flows will fail.

The government's current strategy is pinned on attracting private investment flows into traditional government preserves such as infrastructure and public utilities. In general, providing for a more competitive banking environ-

ment and deepening the secondary markets should increase options and reduce the cost of financing.

The currency gap

Just last month, the new BSP dropped its steep reserve requirements from 20 percent to 17 percent, a welcome move to reduce intermediation costs and pull down interest rates. More immediately, the move lessened the gap between peso and dollar interest rates to discourage huge amounts of inflows for arbitrage – between \$500 million and \$1 billion this year, estimates Mr. Singson. Those are not the kinds of inflows the country wants, he says.

At any rate, the more positive impact of these recent reforms has already been felt. The local banking community has provided the infrastructure for remittances of almost \$3 billion in the past two years from Filipino overseas workers.

Struggling for survival during the crisis years under strict regulations had tied the hands of the local banking community, says Rafael Buenaventura, head of the Bankers Association of the Philippines. Today, he cites the unbundling of many depositor services and the explosion in the number of automated teller machines, some of them already internationally linked.

More and better banks

The lifting of branch regulations has led to the establishment of 400 to 500 new bank outlets nationwide. A significant banking infrastructure is already in place and, like many sectors, is in the process of modernizing its equipment and processes.

Planners hope the entry of foreign banks will ease the flow of investments from abroad while providing sophisticated new financing products.

Developments in the stock market have been just as dramatic. The government mediated the unification of

two bourses. Market capitalization rose to \$18.9 billion, modest by international standards but representing a near tripling of index points.

Initial public offerings

This emerging market is still thin, and its speculative nature cannot be discounted. But 13 initial public offerings were listed last year, and the market demonstrated its ability to absorb relatively big issues. Two newcomers raised 3 billion pesos (\$110 million) each. The offering this month of 1 billion shares of the 40 percent Saudi Arabian-owned Petron, the country's largest oil company, was the biggest in the market's history.

Given increasing stability in the country and the region and improved information flows, the PSE should help accelerate the growth process. The real significance of the 1993 surge, says William Ferguson of Citibank, N.A., Manila, is that the Philippines was no longer left out of the bull run. The Philippines was finally a country in which portfolio investors could invest with minimal downside risk from controls on capital flows and erratic exchange-rate movements, according to Mr. Ferguson.

Encouraged by large inflows of foreign funds last year, the Philippine Stock Exchange is now working with the bankers to set up a computerized central clearinghouse and depository by early next year. The project is supported by the Asian Development Bank and U.S. development assistance. Protective listing and trading rules are being strengthened.

As in other sectors, the reforms are being implemented with regionalization in mind. The emergence of a "dragon" market in Asia is being led by the newly industrialized east Asian nations and is fueled by the tremendous financing needs of the entire developing region.

M.F.

Magellan was killed in a battle with the natives of Cebu's neighboring island of Mactan. But a few survivors returned to Spain, completing the first circumnavigation of the globe. More than 40 years later, Miguel Lopez de Legazpi returned to conquer the islands, which were named Filipinas in honor of the crown prince, Philip II.

Three centuries of Spanish rule united the various Philippine kingdoms into what is now the Philippines, the only predominantly Catholic nation in the region. The more cohesive Muslim kingdoms resisted colonization, entering into treaties with the Portuguese, Dutch, British and French. Magellan was killed in a battle with the natives of Cebu's neighboring island of Mactan. But a few survivors returned to Spain, completing the first circumnavigation of the globe. More than 40 years later, Miguel Lopez de Legazpi returned to conquer the islands, which were named Filipinas in honor of the crown prince, Philip II.

The Spanish navigators Magellan bumped into the islets of the Central Philippines, eventually finding the larger island of Cebu, where he secured provisions.

The U.S. influence

Following the Spanish-American war, the colony – including the southern Mus-

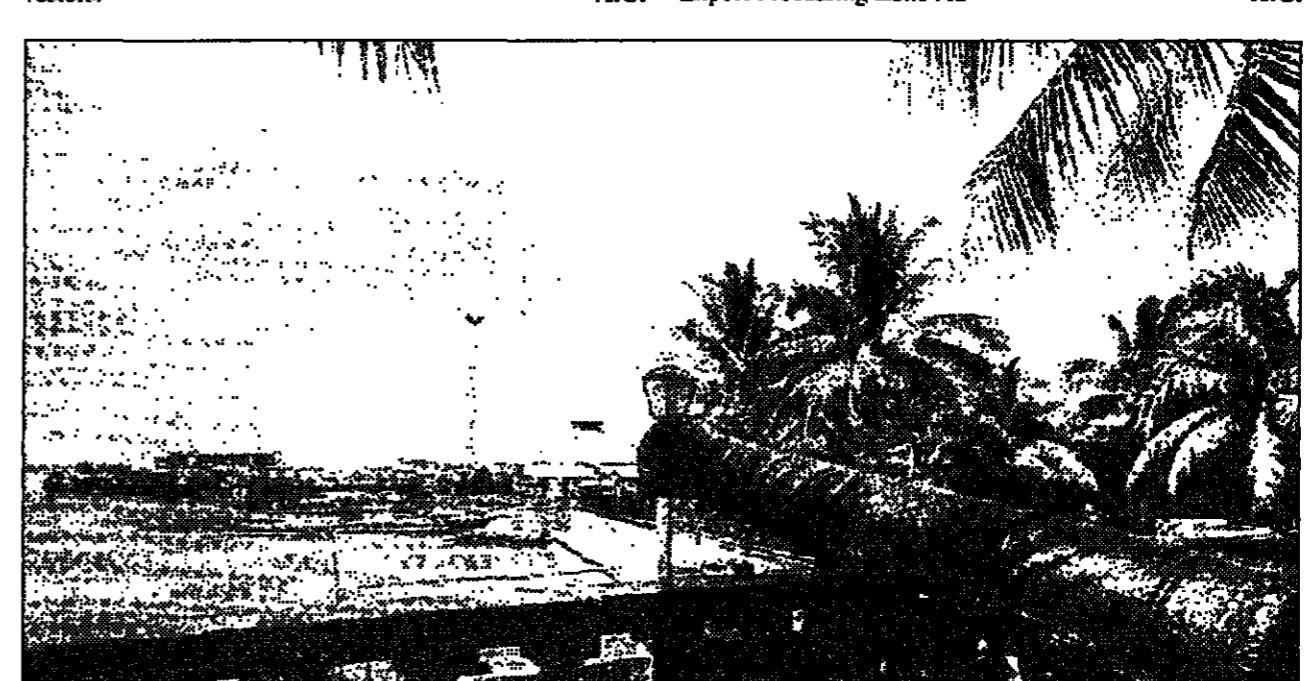
lim areas – were ceded to the United States in 1898.

Filipino revolutionaries, who declared their independence the same year, found themselves thrown into another war with new invaders.

American rule was broken by four-year Japanese occupation during World War II. Independence was eventually granted in 1946. The Philippine constitution, government and English-language-based public education system were set up by the Americans. Party rights, military-base agreements and other trade ties kept the country under the American crown in 1946.

Today, the Philippines is looking back to its original South China Sea community, now organized into the Association of Southeast Asian Nations (ASEAN). The Philippines, coming full circle, is positioning itself as a gateway to a new Pacific century.

M.F.



Remnants of the Spaniards: a cannon overlooks the harbor in Zamboanga.

HISTORY: FROM MAGELLAN TO ASEAN

Today, after centuries of foreign influence, the Philippines is returning to its regional roots.

P

ortuguese explorer Ferdinand Magellan, leading a Spanish expedition, discovered a new gateway to the Oriental kingdoms by sailing westward across the Pacific Ocean and passing through the straits of what are now the Philippine islands in 1521.

The country's 7,100 islands guard the southeastern flank of the South China Sea community, which flourished through the years of the ancient China trade. Sprawled along vital seafarers and trading routes, many Philippine port kingdoms prospered. Their people were renowned seafarers and shipbuilders.

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One Last Night Of Holding Court For His Airness

By Mike Wise
New York Times Service



A. Eugene Garcia/Agence France-Presse
Jordan made his point: It's still baseball.

CHICAGO — Horace Grant was hoisting his arms, taking in the boos as gracefully as someone who had helped this city's team win three National Basketball Association titles could. B.J. Armstrong, a babykins smile stamped on his face, spotted up from beyond the 3-point line. Scottie Pippen laughed and tugged on his shorts, awaiting the most arduous defensive assignment of his life.

And you-know-who winked at them all, scored 52 points in 48 minutes and kissed the floor of the old building goodbye as nearly 19,000 people stood, roared and kept roaring after he disappeared in a sea of yellow-jacketed security guards underneath a stadium tunnel, as if he were some medieval prince vacating his castle.

"MICHAEL! MICHAEL!"

"If this is the last time we're all together, then this is a good memory," Pippen said. "I'll never forget it."

Eleven months after his stunning retirement and 15 months after he played his final game, Michael Jordan returned to basketball with the same elan in his stride and the same defiance of gravity he once used to spin the world on his finger tips.

"That kiss was truly what it was," Jordan said. "An opportunity to say goodbye to the Stadium."

And an era. Running with the Bulls will never be the same.

After the last game at condemned Chicago Stadium, Pippen and Jordan met in a cramped corridor beneath the arena — together again. Perspiration lined their brows. They embraced and shared a few words.

The old building has an autumn date with the wrecking ball and a future as a parking lot across from the new arena.

Pippen is on the trading block. He chose not to address his situation with the club, but he has made clear his unhappiness about being shopped around the league. Toni Kukoc recently signed a six-year deal worth a reported \$36 million, more than Jordan or Pippen ever made playing for the old Bulls.

Jordan? His Airness is headed for an instructional baseball league, something about working on his hitting mechanics and someday making it to the major leagues. "I believe in myself and I believe in my dream," he said. "I will continue to follow my dream."

He was reminded that his 52 points were one more than his total of runs batted in for the Class AA Birmingham Barons this season.

He countered: "If I had as many at-bats as shots..."

Point made. But for one brilliant night, he turned a routine off-season charity game into a gala affair. For one more night, he and his partners looked like young Bulls again.

In his first game since Game 5 of the 1993 NBA Finals, he hit 24 of 46 shots, 7 of which were dunks. One in the third quarter came over Corie Blount. Driving to the middle of the lane, he leapt high into the air with one hand cocking the ball downward.

An argument could be made that this was a charity game and two Jordan Rules were in effect: Get Michael the ball and get out of his way.

Yet Pippen hand-checked him repeatedly — Jordan's Reds beat Pippen's Whites by 187-150 — and Jordan beat double teams on the baseline, hitting fadeaways and driving hard to the middle. In the fourth quarter, he caught a pass midair, twisted his body and flicked a reverse layup off the glass, his legs spread eagle as the ball dropped through.

With the game winding down, the crowd began chanting again. Jordan obliged by backhanded Pippen in before hitting a beautiful arching fadeaway from the right side.

"MICHAEL! MICHAEL!"

Jordan gave those who felt cheated by his decision to retire more credence to wonder and examine the possibilities of his return. He gave those who thought his skills might be diminished reason for silence. He gave himself an assurance that this game is still nothing more than natural to him with little left in the way of challenge.

"The game of basketball will always be a part of me," Jordan said before he left.

He gave everyone one more night in the old building.

Thus time, at the end of a warm, late-summer afternoon with much of the stadium still in sunlight, it was Hamilton's

Montana Shows 49ers He Can Still Play

The Associated Press

Hey, San Francisco, Joe can still play.

In his first game against the team he took to four Super Bowl victories, Joe Montana threw two touchdowns passes to lead the Kansas City Chiefs to victory over the 49ers, 24-17.

Montana, 19 of 31 for 203

yards, got a big hand from Derrick Thomas and the defense. Thomas had three sacks, one of them for a safety, against a banged up San Francisco line.

After that sack, the Chiefs went on a 17-point run over a 10-minute span of the second and third quarters. David Whitmore, traded from the 49ers with Montana, got in on the act, making a touchdown-saving tackle of Steve Young with less than six minutes to go and forcing San Francisco to kick a field goal.

But overall, it was Montana's victory as the Chiefs moved to 2-0. He had a 1-yard touch- down pass to Joe Valerio and an 8-yarder to Keith Cash.

He certainly fared better than Young, who took Montana's job

when he injured his elbow and kept it after he recovered. That forced the Montana trade to Kansas City 16 months ago.

Young was 24 of 34 for 288 yards and a touchdown, but got little help from his teammates. He was sacked four times, threw two interceptions and fumbled once. Another fumble,

triggered the Dolphins' victory over the Packers in Milwaukee.

Signed by Miami after being ignored on draft day, Spikes ran

13 times for 70 yards before leaving early in the fourth quarter with a sprained right knee.

Buccaneers 24, Colts 10:

Craig Erickson threw for 313 yards as the Bucs weathered another big day for the Colts' Marshall Faulk to beat Indianapolis.

The smallest crowd for a

home opener in Tampa Bay his-

torical record.

Vinny Testaverde was inter-

cepted on both of Cleveland's

third-quarter possessions —

first by Perry, then by Rod

Woodson — and Cleveland (1-

1) never recovered. Perry finally

clinched it when he picked off

an underthrown pass from Tes-

taverde at the Pittsburgh 10-

yard line with 54 seconds left.

Bills 38, Patriots 35: Buffalo

blew a 14-point half-time lead,

but Steve Christie saved them

with a 32-yard field goal with 52

seconds left to beat New Eng-

land at home.

Faulk ran for 104 yards on 18

carries and caught seven passes

for 82 yards. He sprained his

left wrist on the first play of the

game.

Dolphins 24, Packers 14: In-

ving Spikes, a free agent who

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mance against Green Bay, set up

two first-half touchdowns that

defeated Detroit.

Moon, in his first home game

since the Vikings (1-1) acquired

him from the Houston Oilers in

the offseason, completed 22 of

35 passes for 221 yards and a

touchdown.

Mitchell, whose three-year,

\$11 million contract included a

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Falcons 31, Rams 13: Andre

Rison caught 12 passes for 123

yards, and Jeff George was 29-

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touchdowns in Atlanta as the Falcons beat Los Angeles.

George, in his fifth season,

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277, third best in National

Football League history behind

Bennie Kosar's 308 and Bart

Bruton's 294.

George's other scoring pass

covered 2 yards to Terance Ma-

thias, capping a 13-play, 74-yard

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George's other scoring pass

covered 2 yards to Terance Ma-

thias, capping a 13-play, 74-yard

drive on Atlanta's first posses-

sion of the game.

Dolphins 24, Packers 14: In-

ving Spikes, a free agent who

made Miami's roster after an ex-

ceptional preseason perfor-

mance against Green Bay, set up

two first-half touchdowns that

defeated Detroit.

Moon, in his first home game

since the Vikings (1-1) acquired

him from the Houston Oilers in

<p

MONDAY SPORTS

Hill Triumphs In Italian Prix

The Associated Press

MONZA, Italy — Damon Hill drew closer to Michael Schumacher in the world drivers title race Sunday, guiding his Williams-Renault to a 4.9-second victory over Gerhard Berger's Ferrari in the Italian Grand Prix.

The British driver scored his seventh career Formula One victory — and his second straight at the Monza autodrome — by taking the lead at the halfway mark and fighting off a strong challenge from Berger in the 53d and final lap.

After 12 races of the 16-race world championship season, Hill has 65 points and Schumacher 76. Berger is a distant third with 33 points. It was Hill's fourth victory this season; Schumacher, serving the first half of a two-race suspension, did not compete.

The German driver, who was punished for ignoring a black flag during the British Grand Prix, also will miss the Portuguese Grand Prix at Estoril on Sept. 25.

"It's essential we try to get 10 points at Estoril," Hill said. "Today was an exciting race, but we are going to have to really improve."

David Coulthard, Hill's Brit-

ish teammate, had a sudden engine failure at the very last curve — the Parabolica — while in second place and missed the chance to give Williams-Renault a 1-2 triumph. He finished sixth.

Hill completed the 307.4-kilometer (191.009-mile) race in 1 hour, 18 minutes, 2.754 seconds.

He said he was lucky to escape without major damage to his Williams-Renault when a first-lap pileup forced organizers to stop and restart the race after a 24-minute delay.

The pileup at the first chi-



A collision at the first chicane on the opening lap banged up several cars and forced a restart, but no one was injured.

cane, shortly after the green light, was touched off by Eddie Irvine, who hit Johnny Herbert's Lotus-Mugen Honda.

The International Federation

suspended Irvine for one race because of the incident.

The day was not without con-

troversy and celebration. Berger, who strongly sup-

ported modifications of the Monza course to improve safety of the circuit, criticized the organizers for the many mistakes made after his warmup crash.

"I was lying down and cars kept coming," he said. "What would have happened if one of these had a brake failure? It's unbelievable."

Minutes before, Sievinen set the

Le Gets China's 5th World Record, and Finland's Sievinen Sets Medley Mark

The Associated Press

ROME — China's Le Jingyi broke the 50-meter freestyle world record Sunday and collected her fifth gold medal of the World Swimming Championships, while Jani Sievinen became the first Finn to break a world mark and 18 team officials called on FINA, the sport's governing body, to step up the fight against drug use.

Le was timed in 24.51 to trim 0.28 off the 50-meter mark set by China's Wenqi Wang in the Barcelona Olympic final in 1992. It was the 10th world record to be set at these championships, five by the Chinese women.

Minutes before, Sievinen set the

ninth when he swam 1:58.16 in the 200 individual medley.

China's Liu Limin collected her third gold of the championships in the 200 butterfly and He Chong won her third in the 200 backstroke. The Chinese wound up with 12 swimming golds out of 16 women's events.

The relay team of He, Dai Guohong, Liu and Le set a world record for the 400-meter medley on Saturday, clocking 4 minutes, 1.67 seconds to cut 0.87 seconds off the mark the United States set in the 1992 Olympics.

He also set a record for the 100 backstroke, swimming the first leg in 1:00.16 to break the mark of 1:00.31

held by Hungary's Kristina Eggersz. The 18 officials, among them U.S. national team director Dennis Pusley, Australia's Don Talbot and Dave Johnson of Canada, signed a declaration calling on FINA to step up the fight against what they described as "the single greatest threat to the progress and integrity of the sport."

The declaration did not mention China, but comes against a background of widespread rumor and allegation largely aimed at the Chinese women swimmers, who dominated these world championships.

Le smashed Jenny Thompson's

world mark in the 100 freestyle in the

final final of the championships and remained in record-breaking form on the final day. She also had won golds in the three relays.

She was edging ahead at halfway with her stiff, splashing style and was ahead of the field by more than a meter at the end.

Russian swimmer Natalia Meshaková won the silver in 25.10 and American Amy Van Dyken placed third in 25.49.

Sievinen reached halfway after the butterfly and backstroke legs of the medley in 56.61, inside world record pace and with American rival Greg Burgess in pursuit, 0.35 behind.

In the final event of the competition, the U.S. 400 medley relay team.

SCOREBOARD

Top 25 College Results

How the top 25 teams in the Associated Press college football poll fared this week:

1. Nebraska (2-0) beat Texas Tech 42-14.

2. Florida (2-0) beat Kentucky 27-13.

3. Notre Dame (1-1) lost to No. 19 Tennessee, Saturday.

4. Michigan (2-0) beat Michigan State, Saturday.

5. Florida (2-0) beat Wisconsin, Saturday.

6. No. 25 Washington, Sept. 24.

7. Michigan (2-0) beat No. 3 Notre Dame 24-20.

8. No. 19 Michigan State (2-0) beat No. 14 Southern Cal 38-14.

9. No. 10 Michigan State (2-0) beat No. 14 Colorado, Saturday.

10. Alabama (2-0) beat Vanderbilt 27-13.

11. No. 11 Arkansas, Saturday.

12. Auburn (2-0) beat New Mexico State 44-17.

13. Stanford (2-0) beat Wisconsin 14-10.

14. No. 14 Michigan State 34-2.

15. No. 10 Oklahoma 24-14.

16. Texas A&M (2-0) beat No. 14 Oklahoma 26-14.

17. No. 18 Southern Miss 25-17.

18. No. 17 North Carolina 21-14.

19. No. 22 Washington 25-24.

20. No. 12 Texas 26-13.

21. No. 23 Georgia Tech 24-14.

22. No. 11 Boston College, Saturday.

23. No. 12 Clemson 25-14.

24. No. 13 Mississippi State 25-14.

25. No. 25 Washington 25-14.

26. No. 19 Florida 25-14.

27. No. 24 Stanford 25-14.

28. No. 20 Michigan State 25-14.

29. No. 21 Georgia 25-14.

30. No. 24 Michigan State 25-14.

31. No. 23 Florida 25-14.

32. No. 22 Washington 25-14.

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100. No. 3 Michigan State 25-14.

101. No. 2 Florida 25-14.

MONDAY SPORTS

Both Sides Now See Baseball Season Being Canceled This Week

By Mark Maske
Washington Post Service

NEW YORK — Hopes that the 1994 major league baseball season would be resumed have been all but extinguished. Negotiations between the team owners and the striking players have broken off again, and management sources said that Bud Selig, the acting commissioner, fully intended to carry out his once-delayed threat and officially cancel the remainder of the season on Monday or Tuesday.

"I'd say it's about 99 percent certain that there will be no more baseball games played this year," a source in the owners' camp said Saturday night.

Said the head of the players' association, Donald Fehr: "Every signal I have from ownership is they never intend to play baseball again" this year.

Barring a dramatic last-minute shift in negotiations, and no further bargaining sessions were scheduled, the World Series — played through the Great Depression, two world wars and the Bay Area earthquake of 1989 — will be canceled for the first time since 1904.

Selig, who owns the Brewers, was back in Milwaukee on Sunday after having come to New York on Friday to become directly involved in negotiations for the first time, and long enough to reject the players' tax plan for revenue sharing. The owners, after having implored union officials for months to make a counterproposal to their salary cap plan, dismissed it out of hand, saying the tax on payroll and revenues did not contain the growth of player salaries.

Selig reiterated Saturday that no decision on the season would be made until "early next week." He said, "I want an opportunity to talk to all the clubs first," but indicated again that no vote on the matter was necessary.

Fehr said it had become more likely that the dispute would spill over into the 1995 season. He said he would tell the players that "you have to take the position that, being realistic, spring training is in jeopardy now. And if it goes beyond the deadline" for canceling the rest of the 1994 season, "their intent is to break the union."

Paul Molitor, the Toronto Blue Jays' designated hitter who once played for the Brewers and remains close to Selig, took part in a small-scale meeting Friday evening that involved the acting commissioner.

"I got the impression he's fully prepared to deal with the consequences that come with canceling the season," Molitor said.

Quotable

• *Now, I'm not the Little League kid. It's not like the little World Series, everyone's talking and talking.*



Arantxa Sánchez Vicario savored her Open victory over Steffi Graf.

Sánchez Vicario and Bad Back End Graf's Reign at U.S. Open

By Harvey Araton
New York Times Service

NEW YORK — If only life were as simple as a 22-minute first set. If only Steffi Graf's two opponents, Arantxa Sánchez Vicario and her own ailing back, had behaved when she had them in hand. If so, Graf would still be the undisputed heavyweight champion of women's tennis, its last remaining icon, instead of another troubled superstar with a future as questionable as the sport's.

Sánchez Vicario's emotional 1-6, 7-6 (7-3), 6-4 comeback victory Saturday was a just reward for the 22-year-old's extraordinary resolve, moxie, and adaptability. She became the first Spanish woman to win the Open. She also finished the Grand Slam season as the only woman to win twice, having taken the French Open in June, having

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LANGUAGE

Nattering and the Chattering Classes

By William Safire

WASHINGTON — The columnist Richard Cohen, writing about that unabashed advocate of traditional virtues William Bennett, noted, "Few members of what the Brits call the *chattering class* hail from conservative Christian backgrounds."

Evidently a need exists for a phrase that col- umnists, pundits, commentators and other haranguers can use to flagellate themselves and one another. *Punditocracy*, a 1938 coinage of Eric Alterman, and *mediocracy*, blending *media* bureaucracy with mediocrity, are too intellectual.

Talking heads is limited to television and lacks bite. Besides, with the rise of the radio talk shows (*chat shows* in England) as well as the televised food-for-thought fights, commentary today has become more oral than written; to characterize the participants in this panelization of opinion-mongering, Americans have seized on this Britishism, which has become the most important contribution of the mother country to the lingo we call Merkin since *not to worry and spot on*.

Its first appearance over here: "Political com- mentators and supposed insiders," Joseph Lelyveld, a reporter at The New York Times, wrote from Blackpool, England, in 1986, "—sometimes referred to in Britain as the *chattering classes*."

Recently, Susan Estrich, who managed Michael Dukakis's campaign, wrote in USA Today that the press has been savage in its criticism of President Clinton: "The turn against him by the *chattering classes* has been much documented."

The columnist Charles Krauthammer noted that, a decade ago, the notion that Ronald Reagan had his finger on the button "was enough to send the *chattering classes* into a nuclear frenzy." North Korea, he added, may be developing a bomb: "Yet this time the *chattering classes* appear rather calm about the danger."

Meanwhile, it flourishes in the British press: "There's a tendency among the *chattering classes*," writes the cultural critic Will Self in The Guardian, "—another of our great coinages — to trash our own before anyone else can."

From these usages, we can determine that *classes* has triumphed over *class*, and the disparaging thrust of the phrase is directed by the chic populists set against liberals, intellectuals and others of that ilk who do go on. It is defined in "Bloomsbury Neologisms" as "the opinionated, usually liberal, usually metropolitan middle classes; the main characters are employed by the media. . . . The implication, much denied by the usually right-wing enterprise culture, is that . . . they talk a good deal, but create very little."

Who coined the much-needed phrase, on the analogy of *working classes*? In a Nov. 25, 1989, piece in The Guardian, Alan Watkins of The Observer, the undisputed popularizer, attributed coinage to a journalist, Frank Johnson, in a conversation in the late '70s or early '80s, when

the two lived in neighboring apartments. After noting this burst of honesty by the popularizer, the 1991 Oxford Dictionary of New Words defined the phrase he made famous as "educated members of the middle and upper classes who read the 'quality' newspapers, hold freely expressed liberal political opinions and see themselves as highly articulate and socially aware."

The early English *chatter*, like *twitter* and *jabber*, came from imitating the rapid sounds of birds. "Human 'chattering' was originally transferred from the chattering of birds," the Oxford English Dictionary reports, but nowadays, the figurative use of "chattering" for impatience is thought to come from the noise of humans.

How does *chattering* differ from *nattering*? While barnstorming with Spiro Agnew in 1970, I chattered out the *nattering nabobs of negativism* to alliteratively eviscerate the pack of professional pessimists, in an updating of Adlai Stevenson's prophets of *gloom and doom*. Stewart Alsop, a longtime student of British English and the best political columnist ever, was on the campaign plane and argued that nattering meant only "chattering," with no connotation of complaint. (Yeah, but I needed a word beginning with *n*.)

I held that "natter, natter" was the dialect equivalent of "bitch, bitch," and that the echoic or onomatopoeic verb "to natter" conveyed a message of nagging criticism.

Since then, however, I have come up with the clicker. In his 1829 "Glossary of North Country Words," John T. Brockell defined *natter* as "to scold, to speak in a querulous or peevish manner." And the novelist George Eliot, in her 1859 "Adam Bede," wrote of a character "whose motherly feeling now got the better of her 'nattering habit'."

Both *chattering classes* and *nattering nabobs of negativism* are attacks on critics, usually eggheads (another derogation of intellectuals, coined by Carl Sandburg in 1918).

The phrase *politically correct* is another current attack on liberals, especially those in the academy. Where is the counterbalancing attack on the populists? Over a generation ago, liberals could deride their opponents as *little old ladies in tennis shoes* or *rednecks*, and long before that, the *Swiftian yahoos* and the *turtle-headed mobs*. Of late, however, leftists have neglected the art of vituperation. The phrase for the anti-intellectual intellectual has yet to be coined.

The reason I clipped the fast-rising Cohen's column, however, was to question his use of "Hail from" a . . . backgrounds."

Ever since 1841, *hail* has been limited to specific places. One *hail* from Brooklyn, as Cohen does, not from a background or culture or other abstraction. I point this out to show the difference between *chattering* (what he does) and *nattering* (what I do).

New York Times Service

WEATHER

Europe

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



North America

Midsummer warmth will hold away from Kansas City to Pittsburgh. This warmth will build east to the Atlantic Tuesday and Wednesday, days after it has moved west. It will overspread much of Scandinavia Thursday. Locally heavy rains will have a warming trend in northern Italy. Southern Italy will be hot.

Middle East

Wednesday rains will hit from Beirut to Ankara, Turkey and northern Iraq. It will be showery in northern and eastern Japan; wind will be the north storm at times. Eastern Korea will be dry, as will China from Shanghai to Beijing. Tuesday, Tropical Storm Lake will have a warming trend in northern Italy. Southern Italy will be hot.

Latin America

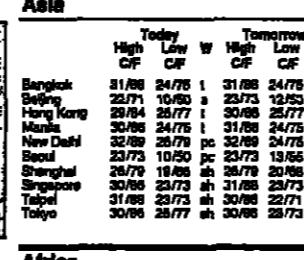
Wednesday rains will hit from Brazil to Argentina.

Oceania

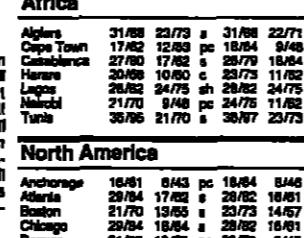
Wednesday rains will hit from Sydney to Melbourne.

Legend: = sunny, = partly cloudy, = cloudy, = showery, = thunderstorms, = rain, = snow flurries. All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

Asia



Africa



North America

Wednesday rains will hit from Anchorage to Seattle. It will be showery in northern and eastern Japan; wind will be the north storm at times. Eastern Korea will be dry, as will China from Shanghai to Beijing. Tuesday, Tropical Storm Lake will have a warming trend in northern Italy. Southern Italy will be hot.

Latin America

Wednesday rains will hit from Brazil to Argentina.

POSTCARD

A New Assignment for the Met's 'Official Voice of Art'

By Glenn Collins
New York Times Service

NEW YORK — It is a sonorous sound, this voice on a radio commercial posing a question as if it were a work of art: "Have you ever experienced the special beauty of the Metropolitan Museum of Art on a summer's evening?"

Soon, the voice gets to the pitch: "This is Philippe de Montebello inviting you to experience for yourself the magic of the Metropolitan at night."

The 60-second spot has been running since early July using the museum's director, de Montebello, as its on-air talent. The voice, of course, is the one that has filled the ears of hundreds of thousands of museumgoers who have listened to the Metropolitan's recorded tours.

And the ad has had its effect: Attendance is up more than 25 percent on Friday and Saturday evenings, when the museum is open until 9 P.M. "Radio has really delivered for the Metropolitan," said

Arthur Cohen, a founder of LaPlaca Cohen, a year-old agency in Manhattan.

The cost of the campaign, \$75,000, would be infinitesimal for a for-profit company, but it's a significant level for a culture organization," Cohen said. "Museums hardly have unlimited resources, so you have to spend real smart."

The agency is also saving on talent premiums: De Montebello does not take a fee.

In contrast, if a celebrity had been hired to do the radio spot, the cost could have ranged from \$20,000 to \$50,000.

In a money-saving campaign, "radio is the most targeted, and it most allows personality to come through," Cohen said. Ente de Montebello. On radio, voice is all, Cohen said. "Radio can be efficient only if it's distinctive, and the director's voice is completely unique," he said of its European-accented vowels and cultivated timbre.

"He is the voice of the Metropolitan," Harold Holzer, the museum's communications director, said of de Montebello. "Any other institution would have to spend millions to create the high-recognition spokes-

man that the museum already has. I think it's due to the ubiquity of the Acoustiguide."

He referred to 65 audio tours of the museum that de Montebello has recorded since he became director in 1979. Perhaps the best known is "Masterpieces With the Director," a Baedeker for 19 of the Met's treasures.

So well known is the voice of de Montebello that it has even been parodied by a group of conceptual artists as "the official voice of Art." They made available their own unofficial tour of the Met in cassette form in 1991 to museumgoers under the auspices of Creative Time Citywide, a Manhattan arts group.

"If you were selling a breakfast cereal, you wouldn't use that voice," said Jerry Saviola, a vice president at Grey Advertising.

"People could consider the voice stuff," Saviola said, "but since it's the Metropolitan, I think it's an appropriate sound. The voice is so distinctive, the ads get your attention."

Travel in a world without borders, time zones or language barriers.

Imagine a world where you can call country to country as easily as you can from home. And reach the U.S. directly from over 125 countries. Converse with someone who doesn't speak your language, since it's translated instantly. Call your clients at 3 a.m. knowing they'll get the message in your voice at a more polite hour. All this is now possible with AT&T.

To use these services, dial the AT&T Access Number of the country you're in and you'll get all the help you need. With these services, dial the AT&T Calling Card, international calling has never been easier.

If you don't have an AT&T Calling Card or you'd like more information on AT&T global services, just call us using the convenient Access Numbers on your right.

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